



Carver County Board of Commissioners
 November 22, 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 November 15, 2011 Regular Session	1-2
	4.	Community Announcements	
9:15 a.m.	5.	CONSENT AGENDA <i>Culture: Provide an organizational culture which fosters individual accountability to achieve goals and sustain public trust and confidence in County government</i> 5.1 Vending services contract – Midwest Vending, Inc. 3-7 5.2 Contract for labor relations, collective bargaining and related services 8 <i>Finances: Improve the County’s financial health and economic profile</i> 5.3 Approve the renewal to the Procentive software contract 9 5.4 Community Social Services warrants NO ATT 5.5 Commissioners’ warrants..... SEE ATT	
9:15 a.m.	6.	CONNECTIONS: Develop strong public partnerships and connect people to services and information 6.1 Aquatic invasive species inspection at Lake Minnewashta Regional Park..... 10-12 6.2 2012 Legislative Priorities 13-22	
10:15 a.m.	7.	FINANCES: Improve the County’s health and economic profile 7.1 Hiring a new health care navigator position in Mental Health paid out of grant money 23-24	
10:30 a.m.	8.	GROWTH: Manage the challenges and opportunities resulting from growth and Development 8.1 Award Engler Boulevard General Obligation tax abatement bond sale..... 25-39	
10:45 a.m.		ADJOURN REGULAR SESSION	

Work Session Agenda

- 10:45 a.m. **A. FINANCES: Improve the County's financial health and economic profile**
1. Financial Policy Manual – proposed changes to Fund Balance, Fixed Asset and Accounts Receivable policies 40-47
 2. 2013 Long Term Financial Plan..... 48-80

- 11:45 a.m. **BOARD REPORTS**
1. Chair
 2. Board Members
 3. Administrator
 4. Adjourn

David Hemze
County Administrator

UPCOMING MEETINGS

November 29, 2011	11:00 a.m. Joint Work Session with Scott County Board
December 1, 2011	6:00 p.m. Proposed 2012 Budget Public Meeting
December 6, 2011	No Meeting – AMC Conference
December 13, 2011	9:15 a.m. Board Meeting/Work Session
December 20, 2011	7:30 a.m. Legislative Breakfast, American Legion, Chanhassen
December 20, 2011	9:30 a.m. Board Meeting
December 27, 2011	No Meeting

A Regular Session of the Carver County Board of Commissioners was held in the County Government Center, Chaska, on November 15, 2011. Chair Randy Maluchnik convened the session at 4:03 p.m.

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

Members absent: Tim Lynch.

Under public comments, Todd Pufhal, Legislative Director for the Labors District Council of MN and ND, explained he was speaking on behalf of trade union members and representing 1,000 fellow craftsmen who live in Carver County. He stated when they first learned of the Fleet Farm project, their hopes were raised that this would mean jobs and referenced the tax subsidies that went into the project to make it a reality. Pufhal indicated the jobs did not go to the people that needed the work the most. He stated Fleet Farm's contractor has relied on the uncertain abilities of out of town workers at the cheapest wages available. He believed Fleet Farm should reconsider their hiring practices. He asked that the County make good on what Carver County's taxes have paid for and hold Fleet Farm accountable and ensure they are using tax dollars to retain high quality local jobs and create high quality job growth as is required under the Business Subsidy Policy.

Todd Mackey, business manager for Local 563, stated he represented nearly 5,000 members and he was present to raise concerns with Fleet Farm. He suggested the contractor hired by Fleet Farm was exploiting workers, paying them \$7.25 an hour. He stated they have reached out to Fleet Farm to give them a list of contractors that have a long history of doing this work. MacKey indicated when this issue got started, they attempted to contact Fleet Farm but they did not return their calls. Mackey stated they have a lot of out of work members and were planning for this work. He stated Fleet Farm has barred them access from the job. MacKey asked the Board to hold Fleet Farm accountable and find out what is going on with their hiring practices. He believed this is not what the taxpayers thought would happen with the project considering the subsidies that would be going into the project.

Pete Parris, 8350 Airport Road, stated as much as he looked forward to Fleet Farm to coming to the County, he was disappointed to see they were paying \$7.25 an hour. He thought they could do better out here and suggested this puts a black mark on the County. He hoped future problems could be addressed ahead of time.

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

Ische moved, Workman seconded, to approve the minutes of the November 1, 2011, Regular Session. Motion carried unanimously.

Community announcements were made by the Board.

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

Approved Project SP 010-610-043/SP 10-692-01 as complete and authorized final payment of \$70,170.19 to Wm. Mueller & Sons.

Reappointed John Freemyer as County Surveyor for a four year term commencing January 1, 2012.

Internet Crimes Against Children Joint Powers Agreement with State of Minnesota.

Approved out of state travel for Social Services employee to attend a one day work session on Signs of Safety and Structured Decision Making in Chicago at Casey Family Program's expense.

Approved the following abatements:

55.9980100	New Germany-Mayer Feed Mill
75.0233300	Paulette Erhard
58.6510120	Timothy Mueller
25.6710010	Barbara Solum (2010, 2011)

Contract with Energy Management Solutions in the amount of \$72,000.

Community Social Services' actions.

Approved payment of the following Commissioners' warrants:

INSERT

Motion carried unanimously.

Workman moved, Degler seconded, to adjourn the Regular Session at 4:17 p.m. to go into a work session with Public Works. Motion carried unanimously.

David Hemze
County Administrator

Additional Background Information on Vending Selection Results

November 14, 2011

CRITERIA	MAXIMUM POINTS	Description
<i>Merchandise – Product Width & Depth</i>	<u>30 points</u>	Carver County has implemented several new wellness initiatives. The selection criterion requires snacks and product lines to be organic, healthy, low sodium, heart healthy, and appeal to adults. Pop is accepted, but choices like non-sweetened beverages and natural choices are encouraged and shall score more points. Sample product is encouraged should the contractor be invited to participate in the interview stage.
Distribution Plan – Machines - Servicing	<u>20 points</u>	Machines for this contract should be new or refurbished models in excellent condition. All vending areas must include change and bill validates. There will be no charge or rental to Carver County for the use of the machines. Terms or length of contract is a specific criterion that each contractor can receive points. Contractors may choose to propose a separate terms to achieve the desired return on investment in relation to the proposed machines. The County will supply the necessary floor space and electrical circuitry and be responsible for payment of all utilities. Delivery, installation and service of equipment is contractor’s sole responsibility; including refunds.
Energy Efficiency	<u>15 points</u>	All installed equipment shall be designated or meet the requirements of Energy Star, Energy Miser, Vending Miser, Cooling Miser or similar designation. Contractors may go online and visit www.energystar.gov for an example of product specifications and a list of qualifying products. As part of your proposal you must demonstrate that all installed equipment meets the designations. The Contractor must meet UL certification; US Public Health, National Sanitation Foundation, OSHA, and the National Electrical Safety code and any local or State laws, ordinances, codes and regulations; including vendor licensees if applicable.
Challenges/Solutions	<u>10 points</u>	Carver County vending operations serve approximately 500 employees, visitors and inmates. Facilities are located throughout the County and not only serve specialized single purpose facilities but also contain a variety of meeting space opportunities. Recognition of the supply/demand, challenges and opportunities for each location should be verbalized in the responses. While providing a source of income for the Employee Club of Carver County; it is recognized that the Contractor can only achieve success by understanding the market and opportunities available.
Value Added Options - Terms	<u>10 points</u>	Provide how you can separate yourself from the competition in understanding Carver County’s needs and objectives.
Team Experience Key Personnel Location	<u>5 points</u>	Give all the pertinent facts or resumes of key personnel serving the account. Include the location of the business, experience, and any key consultants used to complete the proposal.
Pricing/Commission	<u>10 points</u>	
<u>Total Possible Points</u>	<u>100 points</u>	

Results from the proposal scoring and interview scoring is as follows:

	VENDOR			
	A	B	C	D
SCORER	Midwest Vending	Coca Cola	AH Hermel	Royal Vending
JJ	73	55	85	68
MKS	81	36	79	84
AS	95	15	85	90
KM	81	23	68	65
Proposal Pts:	330	129	317	307
INTERVIEW PTS:	17	n/a	12.5	10

BOARD OF COUNTY COMMISSIONERS CARVER COUNTY, MINNESOTA

DATE _____

RESOLUTION NO. _____

MOTION BY COMMISSIONER _____

SECONDED BY COMMISSIONER _____

Resolution approving the Contract between Midwest Vending, Inc. and Carver County

WHEREAS, the County has for some time allowed vending machine service providers to place vending machines on County property and sell soda, snacks, coffee etc. to people having business there;

WHEREAS, on August 10, 2011, Carver County issued a request for proposals for Vending Services;

WHEREAS, Carver County in its August 10, 2011 request for proposals it stated that the County reserves the right to accept or reject any or all Proposals/Responses, to waive any defects or to advertise for new Proposals/Responses where the acceptance, rejections, waiving or advertising of such would be in the best interests of Carver County.

WHEREAS, vending is an important service to both our guests and employees; and

Whereas, the County is expected to receive approximately \$15,000.00 over the course of the three-year agreement;

WHEREAS, the County places a renewed emphasis upon encouraging healthier dietary choices among its work force in an effort to lower health care premiums. Part of this effort includes having healthier items available for sale in vending machines; and

WHEREAS, Carver County reviews any and all information as it deems necessary to determine which vendor best meets the County's service needs; and

WHEREAS, Carver County is not responsible for locating or securing any information that is not identified in the Proposal and reasonably available to Carver County. The vendor's Proposal must include all material necessary for Carver County to evaluate the Proposal; and

WHEREAS, a team of qualified employees have reviewed the proposals submitted, as well as conducted interviews. The team scored the proposals weighing a series of factors to determine which vendor can provide the best mix of services and compensation & commission for those services; and

WHEREAS, the vendor who presented the best proposal was Midwest Vending, Inc. Midwest proposal

WHEREAS, the Midwest Vending, Inc. missed a pre-proposal meeting that was described in the RFP as "mandatory." The purpose of this meeting was to make sure the vendors wishing to submit a proposal had adequate information to submit a responsive proposal. Midwest Vending, Inc. did provide a responsive proposal. Accordingly, the County waives Midwest Vending, Inc.'s failure to attend the proposal meeting; and

WHEREAS, the Vending Services selection committee has submitted a recommendation based upon the RFP, Vendor responses, and direct interviews; and

NOW, THEREFORE, BE IT RESOLVED, the Board of Commissioners of Carver County, Minnesota, hereby adopts Resolution _____ approving the Contract between Midwest Vending, Inc. and Carver County including any donations, incentives, and or promotions contained within the contract exhibits.

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

STATE OF MINNESOTA
COUNTY OF CARVER

I, David Hemze, duly appointed and qualified County Administrator of the County of Carver, State of Minnesota, do hereby certify that I have compared the foregoing copy of this resolution with the original minutes of the proceedings of the Board of County Commissioners, Carver County, Minnesota, at its session held on the 22nd day of November, 2011, now on file in the Administration office, and have found the same to be a true and correct copy thereof.

County Administrator

Carver County Board of Commissioners Request for Board Action



Agenda Item:

Contract for Labor Relations, Collective Bargaining and Related Services

Primary Originating Division/Dept: <u>Employee Relations</u>	Meeting Date: <u>11/22/2011</u>
Contact: <u>Doris Krogman</u> Title: <u>Employee Relations Director</u>	Item Type: <u>Consent</u>
Amount of Time Requested: <u> </u> minutes	Attachments: <input type="radio"/> Yes <input checked="" type="radio"/> No
Presenter: <u> </u> Title: <u> </u>	

Strategic Initiative:

Culture: Provide an organizational culture which fosters individual accountability to achieve goals and sustain public trust and confidence in County government.

BACKGROUND/JUSTIFICATION:

The requested action is to approve the Professional Services Agreement between Carver County and the Madden Galanter Hansen, LLP law firm, from January 1, 2011 to December 31, 2013 to provide legal counsel in the areas of labor relations, collective bargaining negotiations and related services. There is a monthly retainer of \$4,600 in year 2011, \$4,646 in year 2012 and \$4,692 in year 2013 for consultation, negotiations and mediation. The agreement includes hourly rates of \$123 in year 2011, \$124 in year 2012 and \$125 in year 2013 for preparation and representation of the County in impasse arbitration hearings, grievance arbitration hearings, unit determination and clarification hearings, veterans' preference hearings and other administrative hearings. The agreement further includes hourly rates of \$141 in year 2011, \$142 in year 2012 and \$143 in year 2013 for preparation and representation of the County in litigation matters, including appellate cases, as requested by the County.

The firm had not increased fees in 2009 or 2010; and the 2011 rates reflect a 1% increase over the 2008 rates, and each subsequent year is a 1% increase.

ACTION REQUESTED:

Approval of the Professional Services Agreement with Madden Galanter Hansen, LLP.

FISCAL IMPACT: Included in current budget

If "Other", specify:

FUNDING

County Dollars =	\$60,000.00
Total	\$60,000.00

FTE IMPACT: None

Related Financial/FTE Comments:

These services are also included in the 2012 Employee Relations Budget within the Administrator's recommendation.

Office use only:
RBA 2011 - 858

Carver County Board of Commissioners Request for Board Action



Agenda Item:

Approve the Renewal to the Procentive Software Contract

Primary Originating Division/Dept: <u>Community Social Services</u>	Meeting Date: <u>11/22/2011</u>
Contact: <u>Gary Bork</u> Title: <u>Community Social Services D...</u>	Item Type: <u>Consent</u>
Amount of Time Requested: <input type="text"/> minutes	Attachments: <input type="radio"/> Yes <input checked="" type="radio"/> No
Presenter: <input type="text"/> Title: <u>Community Social Services Dir...</u>	

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

BACKGROUND/JUSTIFICATION:

The Division replaced its aging mental health information system in 2009 with a system from Procentive Software. Procentive is a web-based, HIPAA compliant behavioral health practice management software for billing, appointment scheduling and electronic documentation. Behavioral Health and Administrative Support Departments have invested a significant amount of staff time to operationalize the software in the Outpatient, Adult Mental Health and Crisis Units.

The contract is due for renewal for three years and Risk Management as part of the contract review process has not approved the contract since the company dropped its Professional Liability coverage but has maintained the other insurance coverage required by the contract. The company indicated that they do not carry the Professional Liability coverage due to the expense and size of their company.

The Division and Behavioral Health Department have invested money and staff resources in a software system that is meeting our needs. To look for another software product would not be practical. Therefore, the Division is recommending that contract be renewed with Procentive Software.

ACTION REQUESTED:

To approve the three year contract renewal with Procentive Software.

<p>FISCAL IMPACT: <u>Included in current budget</u> If "Other", specify: <input style="width: 200px; height: 15px;" type="text"/></p>	<p>FUNDING</p> <table style="width: 100%;"> <tr> <td style="width: 70%;">County Dollars =</td> <td style="width: 30%; text-align: right;">\$77,580.00</td> </tr> <tr> <td><input style="width: 100%;" type="text"/></td> <td><input style="width: 100%;" type="text"/></td> </tr> <tr> <td>Total</td> <td style="text-align: right;">\$77,580.00</td> </tr> </table>	County Dollars =	\$77,580.00	<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>	Total	\$77,580.00
County Dollars =	\$77,580.00						
<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>						
Total	\$77,580.00						
<p>FTE IMPACT: <u>None</u></p>							

Related Financial/FTE Comments:
 The contract is for a monthly lease of \$2155 per month.

Carver County Board of Commissioners Request for Board Action



Agenda Item:

Aquatic Invasive Species Inspection at Lake Minnewashta Regional Park

Primary Originating Division/Dept: <u>Public Works - Parks</u>	Meeting Date: <u>11/22/2011</u>
Contact: <u>Marty Walsh</u> Title: <u>Parks Director</u>	Item Type: <u>Regular Session</u>
Amount of Time Requested: <input type="text"/> minutes	Attachments: <input checked="" type="radio"/> Yes <input type="radio"/> No
Presenter: <u>Marty Walsh</u> Title: <input type="text"/>	

Strategic Initiative:

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

BACKGROUND/JUSTIFICATION:

The County Board met in a workshop session on July 26, 2011 to discuss a request for aquatic invasive species (AIS) inspections at Lake Minnewashta Regional Park. The County Board referred the matter back to the Park Commission. The Park Commission discussed the topic of AIS inspections at Lake Minnewashta Regional Park at its August 10, September 14 and November 9th meetings.

At the November 9th meeting, staff reviewed with the Park Commission concerns about the request to fund aquatic invasive species the concerns included the following:

- The pilot program is not recommended. Setting up a pilot program which would not incorporate the other lakes of the County would likely be viewed as inequitable. Other lakeshore owners will request similar considerations.
- Funding for a large scale AIS inspection program across the County is not contemplated. The State administers boat license fees for over 800,000 water craft. License fees often support programs pertaining to the activity the license fee is charged.
- The County does not have the authority to increase fees for AIS inspections at Lake Minnewashta.
- The proposed pilot program would gate public access points but not private access points. Because there would not be barriers at private access points, members of the public would likely view those living on the lake as having special privileges and there is no guarantee that all homeowners would comply.
- The development of a program for AIS needs to be consistent throughout the state. The way to ensure consistency is to have the State oversee the program so it is administered in a consistent manner. A boat user could expect to be treated similarly from one access to another in the state. Information would be distributed state wide through existing means.
- The proposed pilot program puts the County in an awkward position. The County lacks legal authority to implement the program. Logistically there would be a number of issues that are not easily overcome.
- The proposed pilot program is cumbersome enough to deter people from accessing the lakes.

The recommendation by staff was to continue to facilitate DNR inspection programs including related grant program to educate the public and work to prevent the spread of Zebra Mussels to Lake Minnewashta. Further, literature would be distributed to remind

boaters about ways to prevent the spread of AIS. Additionally it is requested that the Park Commission recommend to the County Board a resolution adopting as a part of the Board's 2012 legislative platform an AIS legislative priority to have the State DNR develop and implementation plan to prevent the spread of AIS for the 2012 boating season. It is not recommended that the County increase fees or provide general funds for inspection at Lake Minnewashta. It is not recommended that a resolution of support be provided to the Minnehaha Creek Watershed District at this time.

At the November 9th, 2012 Park Commission Meeting, the majority of the park commission members supported the idea of 100 % AIS inspection at Lake Minnewashta Regional Park stating that they believed that the County needed to work to protect the resource of Lake Minnewashta given that the public boat access is located inside the park.

Commission members stated that their reasoning for supporting the 100 % AIS inspections at Lake Minnewashta Regional Park was because the County owned land on the lake, that the State does not have sufficient funds to protect the lake and if the County does nothing who will. The Park Commission made the following recommendation:

The Commission recommended the County provide general funds in the amount of \$30,000 at Lake Minnewashta Regional Park for aquatic invasive species inspections for 2012 covering the hours the park is open. This recommendation is for funding for 2012 only.

ACTION REQUESTED:

Motion to adopt a resolution to fund inspections for aquatic invasive species at Lake Minnewashta Regional Park for 2012 in the amount of \$30,000.

FISCAL IMPACT: Other

If "Other", specify:

FUNDING

County Dollars =	\$30,000.00
<input type="text"/>	<input type="text"/>
Total	\$30,000.00

FTE IMPACT: Increase budgeted staff

Related Financial/FTE Comments:

Comments related to fiscal/FTE impact or funding

Funding for the proposed inspections at Lake Minnewashta Regional Park was not requested as a part of the 2012 Parks Budget Request. It is recommended that funding be provided through the Year End Saving Account of the County.

Office use only:
RBA 2011- 860

Carver County Board of Commissioners Request for Board Action



Agenda Item:

2012 Legislative Priorities

Primary Originating Division/Dept: <u>Administration (County)</u>	Meeting Date: <u>11/22/2011</u>
Contact: <u>Dave Hemze</u> Title: <u>County Administrator</u>	Item Type: <u>Regular Session</u>
Amount of Time Requested: <u>15</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 Board reviewed the attached legislative priorities during the November 15 work session. Administration will review the issues and is recommending adoption of the priorities.

The legislative priorities will be presented to the Carver County legislative delegation on December 20 at 7:30 a.m. at the Chanhassen Legion.

ACTION REQUESTED:

Motion to adopt Carver County's 2012 legislative priorities.

FISCAL IMPACT: None

If "Other", specify:

FUNDING

County Dollars =	<input style="width: 100%;" type="text"/>
<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>
Total	\$0.00

FTE IMPACT: None

Related Financial/FTE Comments:

Office use only:
RBA 2011 - 859



CARVER
COUNTY

2012

Legislative Platform

Item numbering is not a priority listing

Top priorities:

A. Capital Projects within Carver County:

- Issue #1: TH101 Minnesota River Crossing Bridge
- Issue #2: Lake Waconia Regional Park Land Acquisition

B. Control and Management of Invasive Species:

- Issue #3: Preventing the Spread of Aquatic Invasive Species
- Issue #4: Management of Cormorant Population on Lake Waconia

C. Protect/Increase County Revenue Sources:

- Issue #5: County Program Aid
- Issue #6: Fund or Eliminate Unfunded Mandates and Maintenance of Efforts
- Issue #7: Fund Local Bridge Repair and Replacement Program
- Issue #8: Legacy Funding Grant Law Changes



Issue #1: Fund the TH 101 Minnesota River Crossing Bridge

Background

Flooding from snow melt and rainfall often closes the Trunk Highway (“TH”) 101, TH 41 and County State Aid Highway (“CSAH”) 11 Minnesota River crossings, which has a detrimental effect on traffic in the region. Closures of these roadways affects approximately 40,000 vehicle trips every day, and detouring these vehicles puts a massive burden on the area’s economy by increasing congestion on TH 169 and TH 494 and other highways and significantly extending the commute for many travelers. Having these roads impassable is also a severe strain on emergency response access between Scott and Carver Counties.

The Minnesota of Transportation (MnDOT) has completed a Minnesota River Flood Mitigation Study (“Study”) which identifies flood mitigation solutions at TH 101 and TH 41 for the majority of flood events. The Study estimates the costs of closing TH 101 and TH 41 due to flooding is \$670,000 per day for existing traffic and \$1,675,000 for 2030 traffic. The Study recommends construction of new bridges at TH 101 and TH 41 and calculates the cost benefit of constructing each bridge. The benefit to cost ratio (“B/C”) ratio to construct the TH 101 Bridge is 3.81 the B/C to construct the TH 41 Bridge is 3.06.

In 2009, MnDOT budgeted \$50,000,000 for trunk highway flood mitigation projects throughout the state, of which a portion has already been allocated. MnDOT will be soliciting for flood mitigation projects in the Fall/Winter of 2011 to utilize the remaining funding.

Carver County has requested the State fund and construct the TH 101 Bridge first. Scott County as well as the Cities of Chanhassen, Shakopee and Chaska have all expressed support. MnDOT Metro District intends to submit the TH 101 Bridge for flood mitigation funding consideration, however there is likely to be a funding shortfall

Requested Position

Carver County requests that the TH 101 Bridge construction project be fully funded utilizing the state flood mitigation funding and additional state bonding as appropriate.



Issue #2: Lake Waconia Regional Park Land Acquisition

Background

Lake Waconia at 3000 acres is the second largest lake in the metropolitan area and a regional attraction for water based recreation activities. The existing public boat access on the northeast side of the lake is overwhelmed with use. Frequently long lines of vehicles with trailers park along the busy County Road 92 between St. Bonifacius and Waconia.

Carver County has an approved Regional Park Master Plan for Lake Waconia Regional Park. This master plan includes the creation of public boat access within the park boundary. Funding is requested to purchase land for the boat access and related property for Lake Waconia Regional Park. The proposed acquisition would improve public access to a regionally significant body of water, increase recreational opportunities and user satisfaction at an existing regional park. Additionally, funding is requested to develop the boat access entrance drive, aquatic invasive species inspection/removal station, launch and parking for 40 vehicles with trailers and 20 additional vehicle water access parking stalls.

The State has a long history in providing outdoor recreation and access to public bodies of water. Land need for the public boat access on Lake Waconia is available by a willing seller. Carver County has an approved park master plan which includes the land identified for the public boat access and related park activities. Legislative assistance is requested for this acquisition and development of the site.

Contact with a representative of the Lessard-Sams Outdoor Heritage Council concerning the eligibility of the boat access project for funding through this program. The County was informed that since with project would not allow hunting to take place on the property that the County would not be eligible for funding through the program.

Representatives of the DNR were contacted for eligibility of the planned boat access project for grant programs or appropriations from within the DNR. The DNR could participate in the acquisition and development of the boat access with funds provided through the DNR's bonding request to the legislature. Representatives of the DNR have stated that the proposed boat access on Lake Waconia is a top priority within the metropolitan area and this planned access could be developed with a new design to incorporate aquatic invasive species inspection/removal.

Requested Position

It is requested that the State bond \$2.8 million for land acquisition and development costs for a public boat access at Lake Waconia Regional Park. State funding is proposed to be matched with \$1.7 million of Metropolitan Council funding provided to Carver County through the Regional Parks Program as well as \$1,100,000 of Carver County funds.



Issue #3: Preventing the Spread of Aquatic Invasive Species

Background

Aquatic Invasive Species (AIS) exist in numerous lakes in Minnesota. AIS presents a threat to the ecosystems of Minnesota Waters out competing native fish and other species, they threaten to impair recreational activities of Minnesota Waters of fishing, swimming and boating. AIS can pose economic hardships to pay for their removal from lakes, watercraft, docks and piers. Additional, local economies can be impacted by AIS when the desirable attributes of lakes such as fish population, beaches, shorelines are impacted by weeds, sharp mussel shells making these lakes less desirable to visit and thus impacting the local economy due to a reduction in user visits to an area. AIS are easily transported by boats, trailers, live wells, docks, boat lifts and bait containers.

Requested Position

It is requested that the Legislature increase the State Department of Natural Resources funding to support aquatic invasive species inspection and approve additional measures to further prevent the spread of aquatic invasive species for the 2012 boating season. It is also requested that the DNR be authorized to develop aquatic invasive species prevention program which could be delegated to a qualifying local units of government to manage AIS. The local unit of government would need to obtain a permit from DNR for an approved AIS control plan.



Issue #4: Management of Cormorant population on Lake Waconia

Background

The City of Waconia along with local land owners and businesses have been working with the Minnesota DNR, US Fish and Wildlife Service and the US Department of Agriculture to try and manage the increasing Double Crested Cormorant population on Lake Waconia. The Cormorant population is damaging the tree canopy on the 32 acres Coney Island of the West and impacting the natural ecosystem of the lake.

Due to the Migratory Bird Treaty Act of 1918, Minnesota and other states currently have a small role in the control of migratory birds which are damaging natural resources within an ecosystem. Congressman Kline, together with Congressman Peterson, introduced the “Cormorant Management and Natural Resources Protection Act” (H.R. 3074) which would allow states to have a larger role in determining the management of the Cormorant population by creating a plan that is reviewed by the Federal Department of the Interior. This bill would assist the states, and the local communities, in managing the damaging populations of the Double Crested Cormorants in the country.

Requested Position

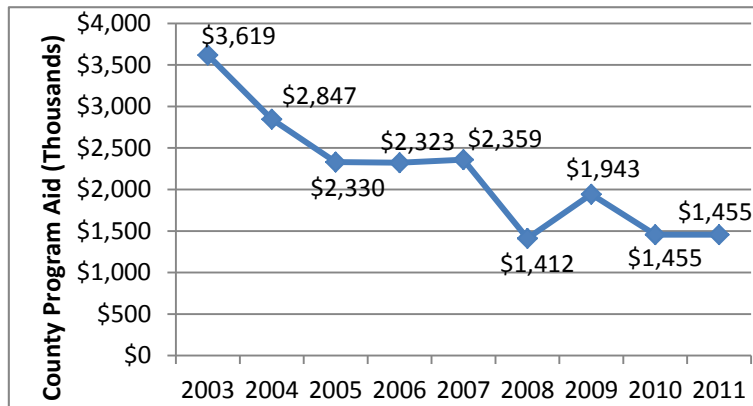
It is requested that the Minnesota Legislature support the “Cormorant Management and Natural Resources Protection Act” (H.R. 3074).



Issue #5: County Program Aid

Background

Carver County's program aid has followed the declining pattern shown on the below chart, with program aid falling from \$3.61 million in 2003 to \$1.45 million in 2011.



After decreasing from 2003 to 2005, County Program Aid (CPA) was stable until the governor unallotted \$761,036 of CPA in December of 2008. Another \$565,646 unallotment of state aid was made in May of 2009, and \$1,148,433 was unallotted in December of 2009. In 2010, the State unallotted \$1.1 million of CPA, and the State also made an unallotment to Market Value Homestead Credit reducing it by \$846,807. The State unallotted \$1.2 million of CPA in 2011 and reduced the MVHC by \$1 million. The elimination of MVHC for 2012 will result in \$1.4 million in lost revenue.

In determining any aids and credits cuts for counties, the cuts that counties suffer in other portions of the budget must be taken into account. Fairness would dictate that any aid and credit cuts be apportioned between several levels of local government including counties, cities, townships and special taxing districts - in proportion to the aids and credits they receive. In addition, any cuts should be followed by a commensurate reduction in mandated programs.

Requested Position

Carver County urges the Legislature to distribute aid cuts equitably after taking into account the cuts that counties receive in other areas of the budget like Social Services, Court Services and Public Health.



Issue #6: Fund or Eliminate Unfunded Mandates and Maintenance of Efforts

Background

Over the last eight legislative sessions, counties have been required to pay for state mandates. Examples of unfunded mandates include:

- Increasing County share of civil commitment holds for sex offenders;
- Counsel for indigent parents in children in need of protective services cases; and
- Portions of the health care costs of the developmentally disabled, mentally ill and under 65 individuals.

In the later examples, these are mandated despite having given up state aid to pay for the costs of these services in the early 1990's.

In addition to the mandates, there are at least 12 maintenance of effort requirements in current law dictating how much counties have to spend for particular programs or services. Maintenance of effort (MOE) requirements, where the state literally tells counties how much they must spend for certain programs and sanctions them if they do not, will cost counties and their taxpayers over \$227 million in 2011. In addition, county cost shares for just the health care programs alone will cost another \$203 million in SFY 2012. While counties are grateful for the 10% reduction in the mental health and library MOE's enacted in 2011, they believe MOE's should be totally repealed. The state mandated spending under the mental health, library and child care MOE's will still exceed \$200 million annually in future years. The Legislature cannot have it both ways. Either give counties the legal authority to actually reduce their expenditures or stop criticizing them when they increase expenditures and the property taxes to support them to meet the requirements of state law.

Requested Position

Carver County urges the Legislature to either fund the cost of state mandates and maintenance of efforts or eliminate them.



Issue #7: Fund Local Bridge Repair and Replacement Program

Background

The state bridge bonding program is a necessary component of funding for bridges. Counties and other local units of government oversee 14,700 bridges – 75% of all bridges in the state. Of these, 1000 have been identified as structurally deficient. Carver County oversees 80 local bridges of which 15 currently need replacement. 6 of the 15 bridges are on the county state aid highway system with a replacement cost of approximately \$7 Million. The state has long provided special funding for local bridges.

Additionally, counties that have experienced significant population growth have bridges that may be structurally sound but are no longer capable of handling increased traffic volume. These operationally deficient bridges should be eligible for funding under the state bridge funding program.

Bridges that are functionally obsolete or structurally deficient and new bridges on new or existing alignment should also be eligible for funding under this program.

Requested Position

Carver County recommends that the Legislature continue to fund the state bridge bonding program at a level sufficient to construct, replace, rehabilitate, or renovate deficient bridges.



Issue # 8: Eligibility for the Parks and Trail Legacy Grant Program Administered through the State Department of Natural Resources

Background

The 2011 legislation pertaining to the Outdoor Heritage Fund removed Regional Park Implementing Agencies of the seven county metropolitan area from being eligible to compete for Parks and Trail Legacy Grant Program funds administered through the State Department of Natural Resources. This legislation declares that regional park implementing agencies are not eligible to apply for grant funds created by sales tax proceeds that are generated throughout the state.

Requested Position

Regional Park implementing agencies of the seven county metropolitan area be allowed to compete for Parks and Trails Legacy Grant Program funds administered through the State Department of Natural Resources for projects of state or regional significance.

Carver County Board of Commissioners Request for Board Action



Agenda Item:

Hiring a new Health Care Navigator position in Mental Health paid out of grant money

Primary Originating Division/Dept: <u>Community Social Services - Behavioral Health</u>	Meeting Date: <u>11/22/2011</u>
Contact: <u>Don Heywood</u> Title: <u>Manager - Behavioral Health</u>	Item Type: <u>Regular Session</u>
Amount of Time Requested: <u>5</u> minutes	Attachments: <input type="radio"/> Yes <input checked="" type="radio"/> No
Presenter: <u>Gary Bork</u> Title: <u>NA</u>	

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

BACKGROUND/JUSTIFICATION:

The Health Care Navigators have developed a process for case finding of persons who are consuming county services that do not have any insurance and appear to be eligible for Medical Assistance. Once on Medical Assistance these persons are in a situation in which eligible county services that are being consumed will be paid for by Medical Assistance, instead of using county tax levy. To date, the Navigators have concentrated on individuals seen by the Crisis Unit. The Division would like to expand the scope and include the Outpatient Unit.

The Division receives Metro Children's Crisis Service (MetrCCS) grant funding for the Crisis Service. The Division has a significant balance of these funds which is carried over from year to year. The Division is proposing to add an additional 1.0 FTE Health Care Navigator. The position would provide phone coverage for the crisis service, assist clients with MA applications and maintain statistical reports. One of the biggest values will be getting clients on MA and thereby decreasing the reliance on county levy.

ACTION REQUESTED:

Approve the creation of a 1.0 FTE Health Care Navigator.

FISCAL IMPACT: Budget amendment request form

If "Other", specify:

reduce county tax levy used for essential services to citizens.

FUNDING

County Dollars =	\$0.00
MetrCCS Grant Funds	\$67,845.00
Total	\$67,845.00

FTE IMPACT: None

Related Financial/FTE Comments:

Office use only:
RBA 2011- 865

Budget Amendment Request Form



Agenda Item:

Hiring a new Health Care Navigator position in Mental Health paid out of grant money

Department:
t:

Meeting Date: 11/22/2011

Requested By:

Chuck Churchill

Fund:

- 01 - General
- 03 - Public Works
- 11 - CSS
- 15 - CCRRA
- 30 - Building CIP
- 32 - Road/Bridge CIP
- 34 - Parks & Trails

Description of Accounts	Acct #	Amount
Client Program Costs	11-480-742-0000-60...	\$67,845.00
TOTAL		\$67,845.00

Description of Accounts	Acct #	Amount
Salary & Benefits	11-480-742-0000-61...	\$50,317.00
	11-480-742-0000-61...	\$7,800.00
	11-480-742-0000-61...	\$640.00
	11-480-742-0000-61...	\$1,227.00
	11-480-742-0000-61...	\$742.00
	11-480-742-0000-61...	\$3,711.00
	11-480-742-0000-61...	\$3,174.00
	11-480-742-0000-61...	\$66.00
	11-480-742-0000-61...	\$168.00
TOTAL		\$67,845.00

Reason for Request:

Transfer funds from purchase of services to salary and benefits to cover a new Health Care Navigator for County Budget Year 2012.

Carver County Board of Commissioners Request for Board Action



Agenda Item:

Award Engler Blvd General Obligation Tax Abatement Bond Sale

Primary Originating Division/Dept: <u>Finance</u>	Meeting Date: <u>11/22/2011</u>
Contact: <u>David Frischmon</u> Title: <u>Finance Director</u>	Item Type: <u>Regular Session</u>
Amount of Time Requested: <u>10</u> minutes	Attachments: <input checked="" type="radio"/> Yes <input type="radio"/> No
Presenter: <u>David Frischmon</u> Title: <u>Finance Director</u>	

Strategic Initiative:

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

BACKGROUND/JUSTIFICATION:

On November 1st, 2011 the Board held a public hearing, adopted a resolution approving the Engler Blvd Tax Abatement District and providing for the sale of G.O. Tax Abatement Bonds. The bond proceeds will be used to finance the County's portion of the Engler Blvd improvements which were agreed to in the Joint Powers Agreement with the City of Chaska that was approved by the County Board on August 23, 2011.

Sealed bids will be opened by Ehlers and Associates at 9:30 a.m. Tuesday November 22nd and will be presented to the Board at the Board meeting on the 22nd.

ACTION REQUESTED:

Adopt the attached resolution authorizing and awarding sale of \$1,485,000 General Obligation Tax Abatement Bonds, Series 2012A to the lowest bidder. A super majority vote of the Board will be required to award the sale.

FISCAL IMPACT: None

If "Other", specify:

FUNDING

County Dollars =	<input style="width: 95%;" type="text"/>
<input style="width: 95%;" type="text"/>	<input style="width: 95%;" type="text"/>
Total	\$0.00

FTE IMPACT: None

Related Financial/FTE Comments:

A tax abatement district has been approved by the County Board to capture the increased tax base from the new data center which will be used to pay the debt service for the County's portion of the Engler Blvd. improvements. Thus, the County's overall tax base is not expected to be impacted by this bond sale.

Office use only:
RBA 2011- 861

Extract of Minutes of Meeting of the
Board of Commissioners of Carver County, Minnesota

Pursuant to due call and notice thereof, a meeting of the Board of Commissioners of Carver County, Minnesota, was duly held at the County Government Center in Chaska, Minnesota, on Tuesday, November 22, 2011, at _____ o'clock A.M.

The following members were present:

and the following were absent:

* * * * *

The Chair announced that the meeting was open for the purpose of considering proposals for the purchase of \$1,485,000 General Obligation Tax Abatement Bonds, Series 2012A. Proposals were submitted for each series as shown in Exhibit A attached hereto.

* * * * *

Commissioner _____ introduced the following written resolution and moved its adoption:

RESOLUTION AWARDING SALE OF \$1,485,000 GENERAL
OBLIGATION TAX ABATEMENT BONDS, SERIES 2012A, FIXING
THE FORM AND SPECIFICATIONS THEREOF, PROVIDING
FOR THEIR EXECUTION AND DELIVERY, AND PROVIDING
FOR THEIR PAYMENT

A. WHEREAS, the Board of Commissioners hereby determines and declares that it is necessary and expedient to issue \$1,485,000 aggregate principal amount of General Obligation Tax Abatement Bonds, Series 2012A (the "Series 2012A Bonds"), pursuant to Minnesota Statutes, Chapter 475 and Sections 469.1812 through 469.1815, particularly Section 469.1814, to finance a portion of the cost of certain road improvements to Engler Boulevard (the "Project"); and

B. WHEREAS, the County has heretofore approved an abatement of property taxes (the "Abatement") for Tax Parcel No. 30697002 (the "Tax Parcel") pursuant to the provisions of Minnesota Statutes, Sections 469.1812 through 469.1815, for a period of 14 years, as described in the resolution adopted by the Board of Commissioners on November 1, 2011, approving the Abatement (the "Abatement Resolution"); and

C. WHEREAS, the amount of the property taxes abated are estimated to be at least equal to the principal amount of the Bonds and, pursuant to the provisions of the Abatement Resolution, funds are to be expended to provide money to pay for a portion of the costs of the Project; and

D. WHEREAS, the County has retained Ehlers & Associates, Inc., in Roseville, Minnesota, as its independent financial advisor for the sale of the Bonds and is therefore authorized to sell the Bonds by private negotiation in accordance with Minnesota Statutes, Section 475.60, Subdivision 2(9) and proposals to purchase the Bonds have been solicited by Ehlers; and

E. WHEREAS, the proposals set forth on Exhibit A attached hereto were received at the offices of Ehlers at 9:30 a.m. this same day pursuant to the Terms of Proposal established for each series of the Bonds; and

F. WHEREAS, it is in the best interests of the County that the Bonds be issued in book-entry form as hereinafter provided; and

NOW, THEREFORE, BE IT RESOLVED by the Board of Commissioners of Carver County, Minnesota, as follows:

1. Award of Sale. The proposal of _____ to purchase the \$1,485,000 General Obligation Tax Abatement Bonds, Series 2012A of the County is hereby found and determined to be a favorable proposal, and shall be and is hereby accepted, said proposal being to purchase Series 2012A Bonds maturing and bearing interest as set forth in paragraph 2 at a price of \$_____ plus accrued interest.

2. Series 2012A Bond Terms. The Series 2012A Bonds shall be in the aggregate principal amount of \$1,485,000, be dated January 4, 2012, bear interest at the rates per annum according to years of maturity set forth below, computed on the basis of a 360-day year of twelve 30-day months, payable August 1, 2012, and semiannually thereafter on February 1 and August 1 in each year, and mature serially on February 1 in the years and amounts as follows:

<u>Year</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Amount</u>	<u>Interest Rate</u>
2014	\$125,000		2020	\$135,000	
2015	125,000		2021	140,000	
2016	125,000		2022	145,000	
2017	125,000		2023	150,000	
2018	130,000		2024	150,000	
2019	135,000				

All Series 2012A Bonds maturing on or after February 1, 2022, are subject to redemption and prior payment in whole or in part in such order as the County may determine and by lot within a maturity at the option of the County on February 1, 2021, and any date thereafter at par and accrued interest. In the event of redemption by lot of Series 2012A Bonds of like maturity, the Bond Registrar shall assign to each Series 2012A Bond of such maturity then outstanding a distinctive number for each \$5,000 of the principal amount of such Series 2012A Bonds and shall select by lot in the manner it determines the order of numbers, at \$5,000 for each number, for all outstanding Series 2012A Bonds of like maturity. The order of selection of Series 2012A Bonds to be redeemed shall be the Series 2012A Bonds to which were assigned numbers so selected, but only so much of the principal amount of each Series 2012A Bond of a denomination of more than \$5,000 shall be redeemed as shall equal \$5,000 for each number assigned to it and so selected. The Series 2012A Bonds shall be numbered R-1 upwards in order of issuance or in such other order as the Registrar may determine and shall be in the denomination of \$5,000 each or any integral multiple thereof not exceeding the amount maturing in any year.

3. Registrar and Paying Agent. The Bonds shall be payable as to principal upon presentation at the main office of Bond Trust Services Corporation, as Registrar and Paying Agent, or at the offices of such other successor agents as the County may hereafter designate upon 60 days' mailed notice to the registered owners at their registered addresses. Interest shall be paid by check or draft of the Registrar mailed to the registered owners at their addresses shown on the registration books of the County on the 15th day of the month preceding each interest payment date.

4. Bond Form. The Bonds, the Registrar's Certificate of Authentication and Registration and the form of assignment shall be in substantially the following form:

UNITED STATES OF AMERICA

STATE OF MINNESOTA
COUNTY OF CARVER

No. R-_____

\$_____

GENERAL OBLIGATION
TAX ABATEMENT BOND, SERIES 2012A

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>	<u>CUSIP</u>
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January 4, 2012

Registered Owner:

Principal Amount:

The County of Carver, Minnesota, for value received, hereby promises to pay to the Registered Owner specified above, or registered assigns, the Principal Amount specified above on the Maturity Date specified above, upon the presentation and surrender hereof, and to pay to the Registered Owner hereof interest on such Principal Amount at the Interest Rate specified above from January 4, 2012, or the most recent interest payment date to which interest has been paid or duly provided for as specified below, on February 1 and August 1 of each year, commencing August 1, 2012, until said principal amount is paid. Principal is payable in lawful money of the United States of America at the office of Bond Trust Services Corporation, in Roseville, Minnesota, as Registrar or of a successor Registrar designated by the County, which designation shall be made upon notice of 60 days to the Registered Owners at their registered addresses. Interest is payable by check or draft mailed to the person in whose name this Bond is registered at the close of business on the 15th day of the month preceding each interest payment date (whether or not a business day) at the registered owner's address set forth on the registration books maintained by the Registrar. Any such interest not punctually paid or provided for will cease to be payable to the owner of record as of such regular record dates and such defaulted interest may be paid to the person in whose name this Bond shall be registered at the close of business on a special record date for the payment of such defaulted interest established by the Registrar. For the prompt and full payment of such principal and interest as the same become due, the full faith, credit and taxing powers of the County have been and are hereby irrevocably pledged.

The Bonds of this series maturing on or after February 1, 2022, are subject to redemption at the option of the County, in whole or in part in such order as the County may determine and by lot within a maturity, on February 1, 2021, and any date thereafter at par and accrued interest. Thirty days' notice of prior redemption will be given by mail to the bank where the Bonds are payable and to the registered owners in the manner provided by Chapter 475, Minnesota Statutes. Any defect in mailing notice of redemption shall not affect the validity of the proceedings for redemption. Any Bond called for redemption, and for the

payment of which moneys are set aside by the County on the redemption date, shall not bear interest after the redemption date, regardless of any delay in its presentation.

This Bond is one of an issue of Bonds in the aggregate principal amount of \$1,485,000, all of like date and tenor except as to maturity, interest rate, and redemption privilege, issued pursuant to and in full conformity with the Constitution and Laws of the State of Minnesota, including Section 469.1814, Minnesota Statutes, for the purpose of providing funds for certain road improvements. The Bonds of this issue are payable primarily from certain tax abatements retained by the County under its Abatement approved on November 1, 2011, but this Bond constitutes a general obligation of the County and to provide moneys for the prompt and full payment of said principal and interest as the same become due the full faith and credit of the County is hereby irrevocably pledged, and the County will levy ad valorem taxes on all taxable property in the County, if required for such purpose, without limitation as to rate or amount.

This Bond is transferable, as provided by the Resolution of the Board of County Commissioners authorizing the issuance of the Bonds of this series adopted November 22, 2011 (the "Resolution"), only upon books of the County kept at the office of the Registrar by the Registered Owner hereof in person or by the Registered Owner's duly authorized attorney, upon surrender of this Bond for transfer at the office of the Registrar, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Registrar duly executed by, the Registered Owner hereof or the Registered Owner's duly authorized attorney, and, upon payment of any tax, fee or other governmental charge required to be paid with respect to such transfer, one or more fully registered Bonds of the series of the same principal amount, maturity and interest rate will be issued to the designated transferee or transferees. The Registered Owner of this Bond may be treated as the absolute owner hereof for all purposes.

The Bonds of this series are issuable only as fully registered bonds without coupons in denominations of \$5,000 or any integral multiple thereof not exceeding the principal amount maturing in any one year. As provided in the Resolution and subject to certain limitations therein set forth, the Bonds of this series are exchangeable for a like aggregate principal amount of Bonds of this series of a different authorized denomination, as requested by the Registered Owner or the Registered Owner's duly authorized attorney upon surrender thereof to the Registrar.

IT IS HEREBY CERTIFIED AND RECITED that this Bond is issued by authority of and in strict accordance with Minnesota Statutes, Chapter 475 and Section 469.1814, that all acts, conditions and things required by the Constitution and laws of the State of Minnesota to be done, to happen and to be performed precedent to and in the issuance of this Bond have been done, have happened and have been performed in regular and due form, time and manner as required by law and that this Bond, together with all other indebtedness of the County outstanding on the date of its issuance, does not exceed any constitutional or statutory limitation of indebtedness.

This Bond shall not be valid or become obligatory for any purpose until the Certificate of Authentication and Registration hereon shall have been signed by the Registrar.

IN WITNESS WHEREOF, Carver County, Minnesota, by its Board of Commissioners, has caused this Bond to be executed in its behalf by the facsimile signature of the Chair and by the facsimile signature of the County Administrator, all as of the Date of Original Issue specified above.

CARVER COUNTY, MINNESOTA

By _____ (Facsimile Signature)
Chair, Board of County Commissioners

By _____ (Facsimile Signature)
County Administrator

REGISTRAR'S CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This is one of the Bonds described in the within mentioned Resolution, and this Bond has been registered as to principal and interest in the name of the Registered Owner identified above.

Dated: _____

BOND TRUST SERVICES
CORPORATION, Bond Registrar

By _____
Authorized Signature

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

(Please Print or Typewrite Name and Address of Transferee)
the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints
_____, attorney to transfer the within Bond on the books
kept for registration thereof, with full power of substitution in the premises.

Dated: _____

Please Insert Social Security Number or Other
Identifying Number of Assignee

Notice: The signature to this assignment must
correspond with the name as it appears on the face of
this Bond in every particular, without alteration or any
change whatever.

Signature Guaranteed:

Signatures must be guaranteed by a national bank or
trust company or by a brokerage firm having
membership in one of the major stock exchanges.

5. Execution and Delivery. The Bonds shall be prepared in printed form under the direction of the County Administrator and when so prepared shall be executed on behalf of the County by the manual or facsimile signature of the Chair and by the manual or facsimile signature of the County Administrator. The Bonds shall not be valid for any purpose until authenticated by the Registrar. The Bonds initially issued hereunder shall be registered as of January 4, 2012, and all Bonds issued in exchange therefor shall be registered as of such date, or, if issued after the first payment date, as of the most recent interest payment date on which interest was paid or duly provided for. When the Bonds shall have been so prepared and executed, they shall be delivered to the purchaser by the County Administrator or the Coordinator's designee(s) upon receipt of the purchase price and accrued interest and the signed legal opinion of Faegre & Benson LLP, as Bond Counsel, and the purchaser shall not be required to see to the proper application of the proceeds.

6. Registration and Transfer. As long as any of the Bonds issued hereunder shall remain outstanding, the County shall maintain and keep at the office of the Registrar an office or agency for the payment of the principal of and interest on the Bonds, as in this Resolution provided, and for the registration and transfer of the Bonds, and shall also keep at the office of the Registrar books for such registration and transfer. Upon surrender for transfer of any Bond at the office of the Registrar with a written instrument of transfer satisfactory to the Registrar, duly executed by the registered owner or the owner's duly authorized attorney, and upon payment of any tax, fee or other governmental charge required to be paid with respect to such transfer, the County shall execute and the Registrar shall

authenticate and deliver, in the name of the designated transferee or transferees, one or more fully registered Bonds of the same series and maturity date, of any authorized denominations of a like aggregate principal amount, maturity and interest rate. The Bonds, upon surrender thereof at the office of the Registrar, may at the option of the registered owner thereof be exchanged for an equal aggregate principal amount of Bonds of the same maturity date and interest rate of any authorized denominations. In all cases in which the privilege of exchanging Bonds or transferring fully registered Bonds is exercised, the County shall execute and the Registrar shall deliver Bonds in accordance with the provisions of this Resolution. For every such exchange or transfer of Bonds, whether temporary or definitive, the County or the Registrar may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer, which sum or sums shall be paid by the person requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer. Notwithstanding any other provision of this Resolution, the cost of preparing each new Bond upon each exchange or transfer, and any other expenses of the County or the Registrar incurred in connection therewith (except any applicable tax, fee or other governmental charge) shall be paid by the County. The County and the Registrar shall not be required to make any transfer or exchange of any Bonds during the fifteen (15) days next preceding any February 1 or August 1 interest payment date.

7. Payment. Interest on any Bond which is payable, and is punctually paid or duly provided for, on any interest payment date shall be paid to the person in whose name that Bond (or one or more Bonds for which such Bond was exchanged) is registered at the close of business on the 15th day of the month preceding such interest payment date. Any interest on any Bond which is payable, but is not punctually paid or duly provided for, on any interest payment date shall forthwith cease to be payable to the registered holder on the relevant regular record date solely by virtue of such holder having been such holder; and such defaulted interest may be paid by the County in any lawful manner, if, after notice given by the County to the Registrar of the proposed payment pursuant to this paragraph, such payment shall be deemed practicable by the Registrar. Subject to the foregoing provisions of this paragraph, each Bond delivered under this Resolution upon transfer of or in exchange for or in lieu of any other Bond shall carry all the rights to interest accrued and unpaid, and to accrue, which were carried by such other Bond and each such Bond shall bear interest from such date that neither gain nor loss in interest shall result from such transfer, exchange or substitution.

8. Ownership of Bonds. As to any Bond, the County and the Registrar and their respective successors, each in its discretion, may deem and treat the person in whose name the same for the time being shall be registered as the absolute owner thereof for all purposes and neither the County nor the Registrar nor their respective successors shall be affected by any notice to the contrary. Payment of or on account of the principal of any such Bond shall be made only to or upon the order of the registered owner thereof, but such registration may be changed as above provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

9. Book-Entry.

(a) For purposes of this paragraph 9, the following terms shall have the following meanings:

“Beneficial Owner” shall mean, whenever used with respect to a Bond, the person recorded as the beneficial owner of such Bond by a Participant on the records of such Participant, or such person’s subrogee.

“Cede & Co.” shall mean Cede & Co., the nominee of DTC, and any successor nominee of DTC with respect to the Bonds.

“DTC” shall mean The Depository Trust Company of New York, New York.

“Participants” shall mean those broker-dealers, banks and other financial institutions for which DTC holds Bonds as securities depository.

“Representation Letter” shall mean the Blanket Letter of Representation from the County to DTC, which shall be executed in substantially the form on file.

(b) The Bonds shall be initially issued as separate authenticated fully registered bonds, and one Bond shall be issued in the principal amount of each stated maturity of the Bonds. Upon initial issuance, the ownership of such Bonds shall be registered in the bond register of the County kept by the Registrar in the name of Cede & Co., as nominee of DTC. The Registrar and the County may treat DTC (or its nominee) as the sole and exclusive owner of the Bonds registered in its name for the purposes of payment of the principal of or interest on the Bonds, selecting the Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to registered owners of Bonds under this Resolution, registering the transfer of Bonds, and for all other purposes whatsoever; and neither the Registrar nor the County shall be affected by any notice to the contrary. Neither the Registrar nor the County shall have any responsibility or obligation to any Participant, any person claiming a beneficial ownership interest in the Bonds under or through DTC or any Participant, or any other person which is not shown on the registration books of the Registrar as being a registered owner of any Bonds, with respect to the accuracy of any records maintained by DTC or any Participant, with respect to the payment by DTC or any Participant of any amount with respect to the principal of or interest on the Bonds, with respect to any notice which is permitted or required to be given to owners of Bonds under this Resolution, with respect to the selection by DTC or any Participant of any person to receive payment in the event of a partial redemption of the Bonds, or with respect to any consent given or other action taken by DTC as registered owner of the Bonds. The Registrar shall pay all principal of and interest on the Bonds only to Cede & Co. in accordance with the Representation Letter, and all

such payments shall be valid and effective to fully satisfy and discharge the County's obligations with respect to the principal of and interest on the Bonds to the extent of the sum or sums so paid. No person other than DTC shall receive an authenticated Bond for each separate stated maturity evidencing the obligation of the County to make payments of principal and interest. Upon delivery by DTC to the Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., the Bonds will be transferable to such new nominee in accordance with subparagraph (e) hereof.

(c) In the event the County determines that it is in the best interest of the Beneficial Owners that they be able to obtain Bond certificates, the County may notify DTC and the Registrar, whereupon DTC shall notify the Participants, of the availability through DTC of Bond certificates. In such event, the Bonds will be transferable in accordance with subparagraph (f) hereof. DTC may determine to discontinue providing its services with respect to the Bonds at any time by giving notice to the County and the Registrar and discharging its responsibilities with respect thereto under applicable law. In such event the Bonds will be transferable in accordance with subparagraph (e) hereof.

(d) Notwithstanding any other provision of this Resolution apparently to the contrary, so long as any Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to the principal of and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, to DTC as provided in the Representation Letter.

(e) The application of the terms of the Representation Letter to the Bonds is hereby confirmed. The Representation Letter incorporate by reference certain matters with respect to, among other things, notices, consents and approvals by registered owners of the Bonds and Beneficial Owners and payments on the Bonds. The Registrar shall have the same rights with respect to its actions thereunder as it has with respect to its actions under this Resolution.

(f) In the event that any transfer or exchange of Bonds is permitted under subparagraph (b) or (c) hereof, such transfer or exchange shall be accomplished upon receipt by the Registrar from the registered owners thereof of the Bonds to be transferred or exchanged and appropriate instruments of transfer to the permitted transferee in accordance with the provisions of paragraph 6 hereof.

10. Fund and Accounts. There is hereby created a special fund to be designated the "General Obligation Tax Abatement Bonds, Series 2012A Fund" (the "Fund") to be administered and maintained by the County Treasurer as a bookkeeping account separate and apart from all other funds maintained in the official financial records of the County. The Fund shall be maintained in the manner herein specified until the Bonds have been fully paid and the County has been fully reimbursed from the pledge of taxes retained under the Abatement for payment of the principal and interest on the Bonds paid by the County from

taxes levied on property in the County other than the Tax Parcel. There shall be maintained in the Fund the following separate accounts:

(a) Project Account. To the Project Account there shall be credited the proceeds of the sale of the Bonds. From the Account there shall be paid all costs and expenses of the Project.

(b) Debt Service Account. To the Debt Service Account there is hereby pledged and irrevocably appropriated and there shall be credited: (i) taxes retained under the Abatement in an amount sufficient, together with other sums herein pledged, to pay the annual principal and interest payments on the Bonds; (ii) capitalized interest, together with interest earnings thereon and subject to such other adjustments as are appropriate to provide sufficient funds to pay interest due on the Bonds on or before February 1, 2013); (iii) any accrued interest received upon delivery of the Bonds; (iv) any collections of all taxes herein or hereafter levied for the payment of the Bonds and interest hereon; (v) all funds remaining in the Project Account after completion of the Project and payment of the costs thereof; (vi) interest earnings on funds held in the Project Account; and (vii) any and all other moneys which are property available and are appropriated by the governing body of the County to the Debt Service Account. The Debt Service Account shall be used solely to pay the principal and interest and any premiums for redemption of the Bonds and any other general obligation bonds of the County hereafter issued by the County and made payable from said account as provided by law.

11. Tax Abatements; Use of Tax Abatements. As provided in clause (b) hereof, the Board has adopted the Abatement Resolution and has thereby approved the Abatement, including the pledge thereof to the payment of the Bonds. The Board hereby confirms the Abatement Resolution, which is hereby incorporated as though set forth herein.

12. Reservation of Rights. Notwithstanding any provisions herein to the contrary, the County reserves the right to terminate, reduce, or apply to other lawful purposes the Abatement herein pledged to the payment of the Bonds and interest thereon to the extent and in the manner permitted by law.

13. Coverage Test. The Abatement is such that if collected in full it will produce at least five percent in excess of the amount needed to meet when due the principal and interest payments on the Bonds. Consequently, no taxes are levied at the present time.

14. General Obligation Pledge. For the prompt and full payment of the principal of and interest on the Bonds as the same respectively become due, the full faith, credit and taxing powers of the County shall be and are hereby irrevocably pledged. If the balance in the Debt Service Account is ever insufficient to pay all principal and interest then due on the Bonds payable therefrom, the deficiency shall be promptly paid out of any other accounts of the County which are available for such purpose, and such other funds may be reimbursed without interest from the Debt Service Account when a sufficient balance is available therein.

15. Continuing Disclosure. The County is the sole obligated person with respect to the Bonds. The County hereby agrees, in accordance with the provisions of Rule 15c2-12 (the “Rule”), promulgated by the Securities and Exchange Commission (the “Commission”) pursuant to the Securities Exchange Act of 1934, as amended, to perform its obligations under the Continuing Disclosure Certificate (the “Certificate”) attached to the official statement.

The Chair and County Administrator of the County, or any other officer of the County authorized to act in their place (the “Officers”) are hereby authorized and directed to execute on behalf of the County the Certificate in substantially the form presented to the Board of Commissioners subject to such modifications thereof or additions thereto as are (i) consistent with the requirements under the Rule, (ii) required by the Purchaser of the Bonds, and (iii) acceptable to the Officers.

16. Payment of Issuance Expenses. The County authorizes the Purchaser to forward the amount of Bond proceeds allocable to the payment of issuance expenses to Ehlers and Associates, Inc. on the closing date for further distribution as directed by the County.

17. Certificates. The County Administrator and County Auditor is authorized and directed to prepare and furnish to the purchaser and to the attorneys approving the Bonds, certified copies of all proceedings and records relating to the issuance of the Bonds, and to the right, power and authority of the County and its officers to issue the same, and said certified copies and certificates shall be deemed the representations of the County as to all matters stated therein.

18. Filing. The officers of the County are hereby authorized and directed to prepare and furnish to the Secretary of the Treasury a statement meeting the information reporting requirements of Section 149(e) of the Internal Revenue Code of 1986, as amended (the “Code”), by the 15th day of the second calendar month after the close of the calendar quarter in which the Bonds are issued.

19. Tax Covenants. The County shall not take or permit any action that would cause the Series 2012A Bonds to become private activity bonds within the meaning of Section 141 of the Code. In addition, the County shall make no investment of funds that would cause the Series 2012A Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code and regulations thereunder. The County Administrator is authorized to make any elections available to the County under Section 148 of the Code and regulations thereunder. All terms used in this paragraph 19 shall have the meanings provided in the Code and regulations thereunder.

20. Registration. The County Auditor shall register the Bonds in his office as required by law.

21. Bank Qualification. The Bonds are hereby designated as qualified tax-exempt obligations pursuant to Section 265(b)(3) of the Code.

The motion for the adoption of the foregoing resolution was duly seconded by Commissioner _____ and upon vote being taken thereon the following voted in favor thereof:

and the following voted against the same:

whereupon said resolution was declared duly passed and adopted.

fb.us.7569709.01

STATE OF MINNESOTA)
) SS.
COUNTY OF CARVER)

I, the undersigned, being the duly qualified and acting County Administrator of Carver County, Minnesota, hereby certify that I have carefully compared the attached and foregoing extract of minutes of a meeting of the Board of Commissioners of said County held November 22, 2011, with the original thereof on file and of record in my office and the same is a full, true and complete transcript therefrom insofar as the same relates to the issuance and sale of \$1,485,000 General Obligation Tax Abatement Bonds, Series 2012A of said County.

WITNESS My hand officially and seal this _____ day of November 2011.

County Administrator
Carver County, Minnesota

(Seal)

Carver County Board of Commissioners Request for Board Action



Agenda Item:

Financial Policy Manual - Proposed Changes to Fund Balance, Fixed Asset and Accounts Receivable Policies

Primary Originating Division/Dept: <u>Finance</u>	Meeting Date: <u>11/22/2011</u>
Contact: <u>David Frischmon</u> Title: <u>Finance Director</u>	Item Type: <u>Work Session</u>
Amount of Time Requested: <u>20</u> minutes	Attachments: <input checked="" type="radio"/> Yes <input type="radio"/> No
Presenter: <u>David Frischmon</u> Title: <u>Finance Director</u>	

Strategic Initiative:

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

BACKGROUND/JUSTIFICATION:

The Governmental Accounting Standards Board ("GASB") has developed new guidelines for local governments to follow for reporting fund balance in Comprehensive Annual Financial Reports. Most of the changes are cosmetic relating to new terms and definitions. The one substantive change is GASB #54 no longer allows a local government to designate/reserve funds for working capital/cash flow. For Carver County, over \$25M (37% of next year's operating budgets) has been designated by the Board for working capital to cash flow operations until the next round of tax settlements arrive each year in May. Under GASB #54, this \$25M will have to be reported as unassigned for the General Fund. Several Finance Directors from the larger Counties have been interviewing CPA firms for the past year trying to figure out how counties should address this issue for year-end 12/31/11. Finance staff believes the best alternative is to create a cash flow internal service fund. This recommendation will be the primary focus at the workshop.

A new policy on Accounts Receivable and modifying an existing policy on Capital Assets are also being proposed by Finance staff. These draft policies are considered necessary for internal bureaucracy but are not otherwise considered significant

Finance staff will request that the County Board approved the proposed polices at the December 13th Board meeting.

ACTION REQUESTED:

None- Informational only

FISCAL IMPACT: None

If "Other", specify:

FUNDING

County Dollars =

Total

 \$0.00

FTE IMPACT: None

Related Financial/FTE Comments:

Office use only:
RBA 2011- 864



Carver County – Financial Policy Manual

Fund Balance

SECTION: Accounting and Finance

EFFECTIVE:

AUTHORITY:

REVISED:

Purpose

To ensure that the County maintains adequate fund balances and reserves in order to provide a stable financial environment for the County's operations.

***Policy**

Maintaining reserves is considered a prudent management practice and crucial to long-term financial planning. Adequate fund balances are maintained to allow the County to continue providing services to the community in case of unexpected emergencies or requirements and/or economic downturns.

Fund balance will be reported in governmental funds (i.e. general fund, special revenue funds, capital project funds, debt service funds, and permanent funds) under the following categories provided by GASB No. 54:

Non-spendable: Not available for spending, not in spendable form or legally/contractually required to be maintained intact such as inventory.

Restricted: Limitation on spending for a specific purpose from external parties (creditor, grantor, contributor, or laws/regulations of another government) or imposed by law through Constitutional provisions or enabling legislation such as 911 fees.

Committed: Limitation on spending imposed at the highest level of decision making (i.e. County Board) for the specific purposes that require formal action prior to the end of the year, the exact amount may be determined subsequently. It also requires a formal action by the Board to remove a commitment.

Assigned: Limitation on spending resulting from intended use established by the highest level of decision making where the Board delegates to the County Administrator or his designee the authority to assign amounts to be used for specific purposes. Such assignments cannot exceed the available (spendable, unrestricted, uncommitted) fund balance in any particular fund.

- Assigned fund balance may be used to supplement “pay as you go” capital outlay, one-time operating expenditures, tentative management plans, or prepay existing County debt. These funds may not be used to establish or support costs that are recurring in nature.
- At year-end, divisions can request uncompleted professional service obligations and/or capital appropriations and unexpended grants be rolled over to the subsequent year by submitting a listing to the County Administrator for approval.
- Capital Projects Fund balances are adopted by the life of the project and remaining balances are carried forward from the prior year. Remaining balances upon the completion of the capital project are returned to the General Fund or re-assigned at the County Board’s discretion.

Unassigned: Residual net resources in the general fund not contained in the above classifications. In other funds, the unassigned fund balance should be used only to report a deficit balance from overspending for specific purposes for which amounts have been restricted, committed, or assigned.

Prioritization of fund balance use- When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it is County policy to consider restricted amounts to have been reduced first. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it is County policy to use committed amounts first, followed by assigned amounts, and then unassigned amounts.

Definitions:

Fund Balance- the difference between assets and liabilities in governmental funds.

General Fund- used to account for all financial resources not accounted for and reported in another fund.

Special Revenue Fund- used to account and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects. The specific restricted or committed revenue sources should be expected to continue to comprise a substantial portion of the fund. Other resources reported in a special revenue fund, may be reported if they are also restricted, committed or assigned for the specific purpose of the fund.

Debt Service Fund- used to account for all financial resources restricted, committed or assigned to expenditures for principal and interest.

Capital Project Fund- used to account for all financial resources restricted, committed or assigned to expenditures for the acquisition or construction of capital assets.



Carver County – Financial Policy Manual

Accounts Receivable

SECTION: Accounting and Finance

EFFECTIVE:

AUTHORITY:

REVISED:

Purpose

To ensure sound financial management practices, the proper controls over revenues are imperative in accounts receivable management and general oversight over the various revenues collected. Along with levying for property taxes, Carver County bills for services provided. This generates the need to set up accounts receivables and a process to collect these receivables. This policy ensures proper controls exist over these receivables.

Policy

Collections should be receipted into the financial system and deposited on a timely basis. When at all possible, funds should be sent directly to Financial Services using the following mailing address:

Financial Services Division
Governmental Services Administration Building
P.O. Box 69
600 East 4th Street
Chaska, MN 55318

In the event funds are collected outside of the Financial Services Division, proper internal controls and safeguards should exist over these revenues. The controls are subject to periodic testing by the Financial Services Division.

Returned Checks: All checks returned due to insufficient funds shall be voided and removed from the County's financial software. Financial Services will notify the department of which the check was collected. The department is responsible for collecting on the returned check along with the additional \$30 charge (or current amount stated in fee-for-service schedule) for non-sufficient funds.

Interest and Penalties: Interest and penalties must be established pursuant to state statute and may be applied differently based on the type of transaction and revenue.

Account Receivables: Payments for services provided by the County that are received within 60 days after year end are to be considered receivables.

Receipt Processing:

- 1) Identify prior year revenues by writing the prior year in the upper right hand corner of the revenue transmittal form.
- 2) Revenues may be reported as separate lines on the same revenue transmittal, by writing the prior year by the lines containing those revenues.

Outstanding Invoices: Sixty (60) days after the end of each fiscal year, divisions are required to notify Financial Services of all outstanding invoices in which payment has yet to be received by the County.

Accounts Receivable Listing: An accounts receivable listing will be compiled by Financial Services for all outstanding receivables after the 60 days. These listings will be submitted to each Division Director for review of accuracy and completeness. The Divisions should review all collection options available and establish internal collection procedures tailored to the nature of their receivables in order to maximize collections. Efforts should be made to pursue the timely collection of delinquent accounts. Divisions through request of Financial Services can submit unpaid obligations to the Minnesota Department of Revenue's revenue recapture program (M.S. 270A.01 to 270A.12) in addition to other means of collection. When cost-effective, the utilization of collection agencies that are familiar with all federal, state and local notice requirements and regulations should be considered and reviewed with the Financial Services Director.

Uncollectable Accounts: Review of the accounts receivable listing for possible uncollectable accounts should be performed periodically to ensure that accounts receivable balances are not overstated. Accounts should be written off the financial accounting records when all collection procedures have been conducted without results (minimum of 3 years) and the Division deems the accounts uncollectable. The Division Director should submit a list of uncollectable accounts to the Financial Services Director with a brief description of the attempt made to collect, the account, and the reason it is considered uncollectable. All requests are reviewed by the Financial Services Director. The Financial Services Director will submit the requests to the County Administrator, who has the authority to approve or deny all or part of these requests. After the write off, these accounts shall continue to be submitted to the Minnesota Department of Revenue's revenue recapture program as appropriate. A record of accounts written off will be maintained for 6 years from the origination date of the initial receivable. At the discretion of the Financial Services Director, an allowance for doubtful accounts may be established based on historic collections.



Carver County – Financial Policy Manual

Capital Asset Inventory

SECTION: Financial Planning
AUTHORITY: Res. 17-08

EFFECTIVE: 3/3/08
REVISED:

Purpose

To provide a standard for recording capital assets in order to track, ensure adequate and appropriate control over governmental property, maintain appropriate insurance coverage, provide a definition of capital assets, and to properly assess their net cost.

Policy

The County defines capital assets as assets with an initial, individual cost equal to or greater than \$5,000 ~~(amount not rounded)~~ to more than \$50,000 (amount not rounded) depending on the asset type and category, and an estimated life equal to or greater than ~~two three~~ years. Machinery and Equipment with a cost equal to or greater than \$2,500 (amount not rounded) and a useful life greater than one accounting period ~~an estimated life equal to or greater than three years~~ will be tracked for inventory/insurance purposes. Capital assets include property, buildings, equipment, and infrastructure (e.g. roads, bridges, culverts and similar items). Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimate fair value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or extend the useful life of the asset are not capitalized.

Property, buildings, improvements, infrastructure and equipment are depreciated using the straight-line method. For the County, the threshold amounts and the estimated useful lives are:

<u>Assets by Type</u>	<u>Cost</u>	<u>Years</u>
Land	<u>\$5,000</u>	<u>indefinite</u>
Buildings	<u>\$5,000</u>	<u>10-50</u>
<u>Building Improvements</u>	<u>\$5,000</u>	<u>10-50</u>
Improvements other than buildings	<u>\$5,000</u>	<u>10-20</u>
Infrastructure	<u>\$5,000</u>	<u>30-75</u>
Machinery and equipment	<u>\$5,000</u>	<u>3-25</u>
Software	<u>\$50,000</u>	<u>2-15</u>

For reporting purposes, capital assets are categorized as:

Land, Buildings, Improvements other than buildings, Infrastructure, Machinery and equipment.

Software is included with machinery and equipment and building improvements are included with buildings.

Departments are required to notify Finance/Risk Management when any of the following events occur; Acquisition, Disposal, Transfer, Betterment, Impairment by filling out forms located on SharePoint, <http://ccmoss1/div/finance/Pages/CapitalAssets.aspx>. The two electronic forms are ‘Capital Assets Acquisition Form’ and ‘Capital Assets Adjustment Form’. The adjustment form is to be used for disposals, transfers, betterments, and impairments. Fill out all of the required fields and any additional information that would be beneficial. Once the form is submitted it will be sent to Finance/Risk Management. Print a copy of this form and attach it to the claim form that has been prepared to pay for this asset.

Annual Inventory: An annual inventory of fixed assets is required for each department. Upon completion of the independent audit, the Finance Department will send each individual department a complete inventory list. Departments must verify all assets on their list are property of their department. Departments must then process all additions, transfers, betterments and retirements to correct their inventory.

How discrepancies should be handled that are discovered during annual inventory:

Assets with tags that don't appear on the list:

- A. Assets are listed as property of another departments
 - a. Contact that department coordinator so that they are not spending time looking for the asset.
 - b. Complete the Capital Assets Adjustment Form to transfer the asset to the appropriate department.
- B. Asset is new, data entry or paperwork has not been completed to add asset into system.
 - a. Forward the paperwork to the Finance Department.
 - b. Inquire with the Finance Department to see if asset has been added since the report was printed.
- C. Asset was on your inventory list, but disposed on the master list in error.
 - a. Contract the Finance Department about re-activating the asset.

Asset found in department has no tag:

- A. New asset-never tagged
 - a. Follow procedure for adding an asset, complete the Capital Assets Acquisition Form.
- B. Old asset- never tagged
 - a. Follow procedure for adding an asset, complete the Capital Assets Acquisition Form.

Asset found in department has no tag:

- A. Inquire with Finance Department to locate the asset number

- a. Write asset number on label and attach to item

Asset on list cannot be located in department

- A. Asset was sent to storage or another department

- a. Complete the Capital Assets Adjustment Form to transfer asset to another department.

- B. Asset cannot be located anywhere

- a. Complete a capital asset disposal form to retire asset.

Definitions

Betterments: Betterments consist of the replacement of a unit of an existing asset by an improved or superior unit, usually resulting in a more productive, efficient or longer lived asset. Significant betterments are considered to be fixed asset additions and are added to the value of the property.

Maintenance: Maintenance costs are those which neither materially add to the value of the property nor appreciably prolong its life, but merely keep it in ordinary efficient operating condition. Maintenance costs are not charged to fixed asset capital accounts, but to maintenance and repair expenditure accounts.

DRAFT

Carver County Board of Commissioners Request for Board Action



Agenda Item:

2013 Long Term Financial Plan

Primary Originating Division/Dept: <u>Finance</u>	Meeting Date: <u>11/22/2011</u>
Contact: <u>David Frischmon</u> Title: <u>Finance Director</u>	Item Type: <u>Work Session</u>
Amount of Time Requested: <u>15</u> minutes	Attachments: <input checked="" type="radio"/> Yes <input type="radio"/> No
Presenter: <u>David Frischmon</u> Title: <u>Finance Director</u>	

Strategic Initiative:

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

BACKGROUND/JUSTIFICATION:

The County Board has directed Staff to "connect financial strategies to the County's short and long-term strategic goals and objectives". The Administrator's Recommended 2012 Budget connects financial strategies to the County's 2012 strategic goals and objectives. The attached Administrator's Recommended 2013 Long Term Financial Plan connects financial strategies to the County's strategic goals and objectives for 2013 and beyond. County staff will present an overview of the County's Capital Improvement Plans, planned future bond sales and the financial challenges facing future County Budgets.

ACTION REQUESTED:

None - Informational only

FISCAL IMPACT: None

If "Other", specify:

FUNDING

County Dollars =	<input style="width: 100%;" type="text"/>
<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text"/>
Total	\$0.00

FTE IMPACT: None

Related Financial/FTE Comments:

Office use only:
RBA 2011 - 863



CARVER
COUNTY

2013 (& Beyond) Long Term Financial Plan

Adopted December 13, 2011

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CARVER COUNTY
Board of Commissioners

Randy Maluchnik, Chair
District #3

Gayle Degler
District #1

Tom Workman
District #2

Tim Lynch, Vice Chair
District #4

Jim Ische
District #5

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Attorney
Mark Metz

Sheriff
Jim Olson

Appointed Staff

County Administrator
David Hemze

Administrative Services Director
Director

Steve Taylor

Employee Relations Director

Doris Krogman

Public Health & Environment Director

Randy Wolf

Property Records & Taxpayer Services Director

Mark Lundgren

Community Social Services

Gary Bork

Financial Services Director

David Frischmon

Public Works Director

Lyndon Robjent

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

Date: December 13, 2011
Motion by Commissioner: _____

Resolution: _____
Seconded by Commissioner: _____

**COUNTY BOARD ADOPTION OF THE
2013 LONG TERM FINANCIAL PLAN
FOR CARVER COUNTY**

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

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

NOW, THEREFORE, BE IT RESOLVED by the Carver County Board of Commissioners 2013 Long Term Financial Plan is hereby adopted and placed on the County's website.

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

YES

ABSENT

NO

STATE OF MINNESOTA
COUNTY OF CARVER

I, David Hemze, duly appointed and qualified County Administrator of the County of Carver, State of Minnesota, do hereby certify that I have compared the foregoing copy of this resolution with the original minutes of the proceedings of the Board of County Commissioners, Carver County, Minnesota, at its session held on the 13th day of December, 2011, now on file in the Administration office, and have found the same to be a true and correct copy thereof.

Dated this 13th day of December, 2011.

David Hemze

County Administrator

III. EXECUTIVE SUMMARY

This 2013 (& Beyond) Long Term Financial Plan, (the “Plan”) along with the 2012 Annual Budget, fulfills the County Board’s direction to “connect financial strategies to the County’s short and long-term strategic goals and objectives.” The Plan is not a budget but rather a non-binding assertion of future intent. Ideally, individual elements of the Plan will systematically be rolled forward each year until they are brought into the Annual Budget process for approval and implementation.

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

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

A. Capital Improvement Plans (CIPs):

CIP Revenue Summary:

Road & Bridge Tax Levy: In addition to Federal, State, Regional and Local dollars which provide over 75% of the funding for Road & Bridge projects, the Board approves a Road & Bridge Capital and Debt Service Levy. The Long Term Plan anticipates the growth in the County’s tax base will partially finance Road & Bridge capital projects that are being driven by the County’s growth. Thus, once the County’s tax base starts expanding again, the Plan expects to capture a portion of the County’s increasing tax base from new construction by increasing the County’s Road & Bridge Levy. This hoped for increase in the Road & Bridge Levy is expected to be sustainable since it will be generated by capturing a portion of the tax based created by new construction in the previous year.

State Aid: During the 2010 Budget process, County Program Aid (“CPA”) was removed from the County’s operating budget and was used to finance capital projects on a pay-as-you-go basis. For 2012, CPA was brought back in to fund the County’s operating budget to mitigate the impact on the County’s taxpayers from the State eliminating the Market Value Homestead Credit program. It is expected that CPA will again be removed from the 2013 County’s operating budget and if any shows up, will be used to finance capital projects on a pay-as-you-go basis based on the following percentages:

- 50% Road & Bridge CIP
- 25% Park & Trail CIP

$\frac{25\%}{100\%}$ Building CIP
Total State Aid

State Sales Tax “Legacy Funds:” The 2008 State Legislature increased the State sales tax and allocated a portion of the new revenue to expand parks and trails throughout the State. The County’s share of these new funds is expected to be around \$250,000 each year. These funds, commonly referred to as “Legacy Funds,” have initially been designated in the Plan for the local match to the Federal Grants which are financing the Dakota Line Rail-to-Trail Project.

Local Share for Park Land Acquisition: In past years, the County has been reimbursed 100% from the Metropolitan Council for parkland acquisitions that were included in the County’s Regional Park Master Plan. Starting in 2009, the Met Council requires a 25% non-reimbursable local contribution for parkland acquisitions. Thus, the County Board started levying a \$50,000 Parkland Acquisition Capital Levy in 2009.

CIP Summaries:

Buildings CIP: The next major phase of building capital projects is scheduled for 2020. These Phase II building projects, which total slightly less than \$10 million, include:

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

To better serve the expected growth in the county’s population and tax base, two 20,000 sq. ft. buildings located in cities to the West of the Chaska Courthouse Campus are planned for 2030 and 2040.

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

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

connectivity, and other emerging projects have been prioritized into A, B, and C categories with a goal of completing Priority A projects within 12 years.

Parks and Trails CIP: This CIP has been set-up to focus on acquiring the final piece of land for the Lake Waconia Regional Park and sustainability projects to maintain the County's existing park and trail system. Once these needs have been addressed, the next round of park and trail development projects will be developed and funding sources identified. Additional resources may need to be identified in order to complete park and trail development projects on a timely basis. Options to address this potential financing gap are being developed by the Park Board and County staff.

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

Regional Rail Authority CIP: The Carver County Regional Rail Authority oversees designated rail transportation corridors in Carver County. Rail authority funds are used for land stewardship to maintain rail transportation corridors for future transportation uses. The primary funding source for this CIP is the Regional Rail Authority \$120K tax levy. 2012 capital projects in the Rail Authority CIP are a fund transfer to the Dakota Trail Line project and a development of a stewardship plan for the recently acquired UP Line.

B. Replacement Schedule for Facilities, Vehicles and Equipment

The proposed 2012 Budget includes the purchase of just under \$2 million for facilities, vehicles and equipment replacement. The Plan has a replacement schedule for Facilities, Vehicles and Equipment based on division requests for 2013 - 2017 tax levy dollars that average just over \$2.2 million a year. Thus, the County's current tax levy support for facilities, vehicles and equipment replacement covers approximately 90% of the division requested replacement schedule. Either levy support for the replacement schedule will need to be increased in the coming years and/or the replacement schedule needs to be reduced in future years by 10%.

C. Bond Sales and Debt Service

The Plan identifies the necessary financial capacity for the County's road & bridge, park and trail, and buildings for the next 10 to 15 years.

In 2015, the County's total debt service decreases by \$1.3 million as a bond will be paid off in 2014. This Plan anticipates the Board continuing this levy for 2015 and beyond with the funds being split 50% to the Road and Bridge CIP, 25% to the Parks and Trail CIP and 25% to the Buildings CIP. This new revenue source along with reallocated others in the Road and Bridge CIP are planned to finance a potential \$15 million bond sale for road and bridge projects in 2016.

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

D. Operating Budget Financial Challenges

- Personnel costs are the largest and have been the fastest growing portion of the County's Budget. This Plan identifies three strategies for addressing this potentially budget busting cost driver.
- Building security is an emerging county wide issue that needs County Board and staff attention. This Plan outlines a general framework to address this issue over the next couple of years.
- Repairs and maintenance of park building and infrastructure has been identified as a significant operating budget financial challenge over the next several years. This Plan pro-actively outlines a strategy for the County Board and staff to address this challenge by dedicating increasing park permit fees to park building and infrastructure repair and maintenance.

The County Board carries the ultimate budget authority. The 2012 Annual Budget and the 2013 (and Beyond) Long Term Financial Plan are expected to be approved at the December 13, 2011 County Board meeting.

IV. CAPITAL IMPROVEMENT PLANS

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

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

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

Carver County has five CIPs:

- Buildings (including furnishing Libraries) – Fund #30
- Roads & Bridges – Fund #32
- Parks & Trails - Fund #34
- Lake Waconia Event Center – Fund #02 (Restricted Funds)
- Regional Rail Authority – Fund #15

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

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

- Phases II, III and IV of the Justice Center, Government Center and Administration West Remodeling and Expansion Project
- Library books and shelves for new Victoria and Carver libraries

The next phase of building projects is planned for 2020. Funding sources have not been identified at this time.

Please see the Buildings CIP summary on the next page for further details.

BUILDINGS
CAPITAL IMPROVEMENT PLAN - Fund #30
2012

DESCRIPTION	ESTIMATED YEAR NEEDED	ESTIMATED PROJECT COST	ESTIMATED PROJECT COST PLUS INFLATION
JUSTICE CENTER and GOVERNMENT CENTER :			
<i>PHASE Ia: Courts 2nd floor w 4th courtroom/Lower level and LEC Build-out</i>	2008	8,200,000	8,200,000
<i>PHASE Ib: Central Plant Project (boiler, chillers, roofs, etc.) (2)</i>	2008	5,500,000	5,500,000
<i>PHASE Ic: Admin. North: Elevator Upgrade and Parking Lot Resurface (paid by savings in other Phase I projects)</i>	2011	-	\$0
<i>PHASE Id: Security Review and Enhancements</i>	2011	50,000	\$50,000
<i>PHASE IIa: Fifth Courtroom: Remodeling of Justice Center 1st Floor</i>	2016	500,000	\$580,000
<i>PHASE IIb: Administrative West Renovations</i>	2025	3,090,000	4,757,000
<i>PHASE IIc: Sixth Courtroom: Remodeling of Justice Center 2nd Floor</i>	2030	1,542,001	\$2,370,000
LICENSE CENTERS:			
<i>License Center - Chaska remodel</i>	2008	1,200,000	1,200,000
<i>License Center - Chanhassen new</i>	2008	3,500,000	3,500,000
JOINT MNDOT/PUBLIC WORKS FACILITY:			
<i>County contribution 20% of total project cost</i>	2010	1,870,000	\$1,870,000
FURNISHING LIBRARIES (1):			
<i>Norwood Young America - Relocated Expansion</i>	2010	425,000	\$425,000
<i>Victoria - New</i>	2020	1,250,000	\$1,710,000
<i>Carver - New</i>	2020	1,250,000	\$1,710,000
TECHNOLOGY:			
<i>Fiber Optic Loop connecting county buildings - County 20% share of Federal BTOP grant</i>	2010	1,500,000	1,500,000
LAND ACQUISITION:			
<i>Chan License Center land plus preliminary architectural/construction manager services</i>	2007	645,000	645,000
<i>Land for New County Building - Off Courthouse Campus (Phase IIIa or IVa)</i>	2008	-	-
<i>Land for New County Building - Off Courthouse Campus - Phase IIIa</i>	2025	500,000	\$770,000
<i>Land for New County Building - Off Courthouse Campus - Phase Iva</i>	2035	500,000	\$1,040,000
NEW COUNTY BUILDINGS - OFF COURTHOUSE CAMPUS:			
<i>PHASE IIIb: New County Building not on Chaska Courthouse Campus (20K sq. ft.)</i>	2030	5,000,000	\$10,200,000
<i>PHASE IVb: New County Building not on Chaska Courthouse Campus (20K sq. ft.)</i>	2040	5,000,000	\$12,900,000

Projects Total \$ 41,522,001 \$ 58,927,000

Projected Cash Flow

	2012	2013	2014	2015	2016	2017
BEG. FUND BALANCE:	\$ -	\$ -	\$ -	\$ -	\$ 325,000	\$ 70,000
Building Capital Levy	-	-	-	-	-	-
State Aid - 25% allocated to Buildings CIP	-	-	-	-	-	-
25% of Debt Service Levy that is no longer needed after bonds paid off in 2014.	-	-	-	325,000	325,000	325,000
Project Costs	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(580,000)</u>	<u>-</u>
PROJECTED YEAR END FUND BALANCE: (Fund #30)	\$ -	\$ -	\$ -	\$ 325,000	\$ 70,000	\$ 395,000

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

B. ROADS & BRIDGES CIP – FUND #32

To meet the transportation needs from the expected growth in the next 20 years, the County 2030 Comprehensive Plan identifies preservation, bridge replacement, safety, expansion, connectivity, corridor reconstruction and other significant county projects. The County Engineer estimates the cost of these projects to be in approximately \$840 million with a maximum expected revenue of \$235 million from all sources with the exception of the portion of additional county levy from future growth in the tax base that will be used for transportation projects. It should be noted that this \$840 million estimate does not include needed improvements to TH 212, TH 5, TH 7 and TH 41 under Minnesota Department of Transportation (MnDOT) jurisdiction. It does not include any transit-related projects either. With current transportation revenue sources it is simply not feasible to fund all these projects in 20 years.

To develop a feasible Road and Bridge CIP, future expansion, connectivity, and emerging projects have been prioritized with a goal to complete the top priority projects (Priority A) within 12 years (Over 2 CIPs).

In 2009, several Road and Bridge CIP scenarios were developed by:

- Assuming \$225,000 annual levy increase
- Assuming \$700,000 in annual County Program Aid (CPA).
- Funding preservation and safety goals
- Assuming state bridge bonds are available for bridge replacement
- Funding county match on known and pending federal projects
- Funding county match on known local and MnDOT projects
- Partially funding Priority A Expansion and Connectivity projects.

Due to the extremely tight budget and struggling economy, the County's Levy for Road and Bridge projects has not increased as planned and the County's Program Aid/State Aid is not available in 2012 to fund Road & Bridge projects. Thus, completing Priority A projects within 12 years is no longer possible.

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

- Allows for funding at traditional levels for preservation and safety.
- Allows for key bridges to be replaced if CPA and State Bridge Bonds are available
- Funds several Priority A Expansion/Connectivity/Emerging

projects(dependent on grants and bonding):

- 2 on CSAH 18 between CSAH 13 (Bavaria Road) and CSAH 15 (Galpin Blvd)

- CSAH 14 (Pioneer Trail) construction with a new RR underpass in Chaska.
- CSAH 10 (Engler Blvd) reconstruction in Chaska.
- CSAH 10 reconstruction north of Waconia.
- A potential new Crow River crossing in Watertown.
- CSAH 61 (old TH 212) reconstruction in Chanhassen.
- TH 101 reconstruction in Chanhassen.
- A potential new TH 101 Bridge over the Minnesota River.
- Anticipates a \$225,000 annual levy increase beginning in 2015.
- Anticipates \$350,000 county program aid in 2013 and \$700,000 in 2014 and in the future and to replace bridges and partially fund highway projects.
- Requires \$15,000,000 in bond sale in 2016.

The bond sale in 2016 is required to fully fund the new River Crossing project in Watertown and the CSAH 18 project between Bavaria Road and TH 41. These projects are still in the early development stage and have not yet been approved by the cities and so their construction schedule remains uncertain. If these projects are not ready for construction in 2016, it is anticipated the bonds will be used to fully fund deficient bridge replacements if county program aid is not available and/or fund the portion of CSAH 18 between TH 41 and Galpin Blvd in the event this project is not selected for federal funds. The bonds may also be utilized to fund the CSAH 10 or 14 project mentioned above if they do not receive federal funds. These are all Priority A projects and Public Works will make further recommendation to the County Board on potential bond projects once the federal grant scoring is completed in early 2012.

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

**ROAD & BRIDGE
CAPITAL IMPROVEMENT PLAN - Fund #32
2012**

DESCRIPTION	ESTIMATED START YEAR	PROJECT COSTS
COUNTY PORTION OF ROAD & BRIDGE PROJECTS:		
CSAH 10 Bridge	2010	600,000
CSAH 11	2010	665,000
CSAH 51 Turn Lanes	2010	92,000
CSAH 41 and 43 Bridges	2011	700,000
	2012	-
CSAH 50 & 18	2013	350,000
CSAH 18	2014	700,000
CSAH 10 Bridge	2015	1,575,000
CSAH ??	2016	450,000

Totals \$ 5,132,000

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
PROJECTED BEG. FUND BALANCE:	\$1,000,010	\$ 1,000,010	\$ 1,000,010	\$ 1,000,010	\$ 1,000,010	\$ 1,000,010
Road & Bridge Capital Levy - Maintenance	1,500,000	1,500,000	1,500,000	1,725,000	1,950,000	2,175,000
50% of Debt Service Levy from Bonds paid off in 2014	-	-	-	650,000	650,000	650,000
State Aid - 50% allocated to Road & Bridge CIP	-	350,000	700,000	700,000	700,000	700,000
Projected Wheelage Taxes	315,000	315,000	315,000	315,000	315,000	315,000
Transfer to Debt Service Fund for Wheelage Tax supported bonds & \$15M bond sale in 2016 (2)	(315,000)	(315,000)	(315,000)	(315,000)	(1,665,000)	(1,665,000)
Summary of Road & Bridge Projects listed in Long Term Financial Plan:						
County Portion Road & Bridge Construction Projects adjusted for inflation (2)- (6281)	-	(350,000)	(700,000)	(1,575,000)	(450,000)	(675,000)
Safety Set Aside - (8888)	(175,000)	(175,000)	(175,000)	(300,000)	(300,000)	(300,000)
Traffic Sign Replacement Project - (6520)	(125,000)	(125,000)	(125,000)	-	-	-
Annual Road Resurfacing Costs - (6284)	(1,200,000)	(1,200,000)	(1,200,000)	(1,200,000)	(1,200,000)	(1,200,000)
PROJECTED YEAR END FUND BALANCE: (R&BCIP - Fund #32) (1)	\$ <u>1,000,010</u>	\$ <u>1,000,010</u>	\$ <u>1,000,010</u>	\$ <u>1,000,010</u>	\$ <u>1,000,010</u>	\$ <u>1,000,010</u>

(1) Reserves and Safety Set Aside are built in to the Plan to provide financial cushion against inflation, project overruns and scope enhancements.

(2) \$15M Bond Sale in 2016 provides matching local funds for Federal grants for deficient County bridges, build new Watertown bridge and/or new Bridge near Arboretum.

C. **PARKS & TRAILS CIP – FUND #34**

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

In 2009, the County Board began levying \$50,000 each year for park land acquisition by capturing a portion of the County's increasing tax base from new construction. These funds are intended to help pay a portion of the required local share (25%) for land acquisition at the County Regional Park and Trail areas. This strategy was adopted in response to a change in funding by the Metropolitan Council for land acquisition. In 2008, the Metropolitan Council began requiring Implementing Regional Park Agencies contribute 25% of the cost to acquire land within the regional park areas. The Metropolitan Council would contribute 75% of the land acquisition costs. In previous years, the Metropolitan Council would reimburse Implementing Regional Park Agencies 100% for land that was needed for regional parks and trails.

Additionally, the 2009 legislative session passed the Parks and Trail Legacy Fund. This is new funding provided through the constitutional amendment passed by the voters in November of 2008. As a result of the amendment, Carver County receives approximately \$250,000 for new projects consistent with the language of the constitutional amendment. For Carver County, two projects are identified for the funding. The first is Phase 2 of the Dakota Rail Regional Trail and the second is the TH 41 Trail Underpass at Lake Minnewashta Regional Park. These funds will be used as the local match to secure more than \$2.5 million in Federal Transportation Enhancement Grants.

Finally, the County hopes to once again shift County Program Aid from funding operations to pay-as-you-go capital projects for the 2013 Budget. However, CPA is not expected to be a revenue source for the Park & Trail CIP for the foreseeable future.

COUNTY FUNDED PARK & TRAIL CAPITAL
PROJECTS (THIS SECTION NEEDS TO BE REVISED
BASED ON THE RECENT CIP WORK SESSION
INFORMATION. REVISION WILL BE COMPLETED FOR
THE FINAL VERSION.)

Dakota Rail Line Phase II

The former Dakota Rail Line has been abandoned. Railroad iron and ties have been removed. The salvage operation of iron and ties has left the corridor in a state of disrepair and rutted condition making the corridor hard to inspect and treat for weeds, which makes interim use for snowmobiling, hiking, and mountain biking difficult. Some additional cleanup work is needed to remove discarded rail ties and miscellaneous junk from the property.

Survey work has been done to identify railroad property and initial signage has been installed to identify the railroad boundary. Additional signage to identify the regional railroad property is needed in areas of encroachment.

This former rail line is inviting to snowmobilers, hikers and others looking to explore the corridor and adjacent scenic areas of the Crow River, Lake Waconia, and Lake Minnetonka. During 2006, the County process to develop a regional trail master plan for the Dakota Regional Trail was completed. This master plan supports a number of non-motorized uses. It also allows snowmobiling provided a permit is issued to a qualifying snowmobile organization.

Federal funding has been approved for the 2009-2010 and 2011-2012 funding cycles to construct a pedestrian trail from the east County line to the west County line. Federal funds are to provide 80% of the construction cost for the trail. The other 20% of construction cost, plus engineering services, will be financed by the Carver County Regional Railroad Authority, Carver County, and the Metropolitan Regional Parks System. Design and engineering work needed for the creation of construction documents on Phase II of the trail from the City of Mayer to the West county line nearing completion. Actual construction work is expected to begin 2012 with an expected completion date in 2013.

Lake Waconia Regional Park Land Acquisition

County Staff is working on acquiring park land consistent with the Lake Waconia Regional Park Master Plan. The County Board has adopted as one of its Legislative Initiatives, to continue the strategy to partner with the State Legislature and the Department of Natural Resources (DNR) with continued support from the Metropolitan Council for the acquisition of land needed for a boat access and other land at Lake Waconia Regional Park. Although the strategy has not been successful, progress was made by raising the level of awareness of the boat access project with upper level officials of the DNR and with area legislators. The County Board is expected to adopt this strategy as a Legislative Initiative for the 2012 bonding cycle.

Union Pacific RR

The Union Pacific Railroad decided in 2010 to abandon a rail line that connects Carver County to Scott County by a rail bridge over the Mississippi River. Scott County, Carver

County, the Metropolitan Council, and the cities of Carver and Chaska formed an alliance and purchased the abandoned line through the Federal Rail Line Abandonment process in September, 2011. The majority of the funding for this land acquisition will come from the Metropolitan Council.

PARK DEVELOPMENT CAPITAL PROJECTS

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

Baylor Regional Park

Additional capital investment needs that are not currently funded in the Park and Trail CIP include the replacement of pavement for the Visitor Center parking lot, new pavement for roadways, and electrical service upgrade for campsite utility pads.

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

Lake Minnewashta Regional Park

Minnewashta Regional Park continues in a state of under development. Gravel roadways will be in use for an undetermined amount of time, and development of municipal water and sewer in the park will be many years into the future.

The park is experiencing difficulties with stormwater. Stormwater runoff is eroding large gullies in the park which is an ecological concern due to the park's proximity to Lake Minnewashta and other wetland areas. A paved roadway with accompanying stormwater management facilities is an obvious need and would provide for sustainable use of the park.

The current design of the park and increased use has also created other operational issues that are difficult to manage. Currently, the park has two boat accesses that are not visible from the gate entrance/gatekeeper position. Boaters and other park users often ignore parking restrictions at the boat access. The gatekeeper is unaware of the parking situation and continues to send boaters to a full boat access parking lot exasperating the parking situation and causing confusion for boaters as to where they should launch their boat and park. The 2002 revised master plan for the park combines the two boat facilities and moves the gatekeeper position in close proximity to one combined boat access to monitor watercraft traffic and problems. Another operational issue is group use events. Minnewashta Regional Park hosts a number of large scouting activities. These activities compete with the same high-use space the general public has at the beach and picnic areas. The updated master plan converts Boat Access #2 to a group use facility separating the group activity and conflict from the general use public beach and picnic areas. Improvements to infrastructure and new facilities are requested but unfunded for this park area.

Lake Waconia Regional Park

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

The restroom building, which was constructed in the late 1960s, was not designed as a change-house facility. There is insufficient space for routine changing of clothing while operating as a restroom building. Changing in toilet stalls is difficult due the lack of space, and the area is often wet from sweaty toilet fixtures making it poorly suited for changing clothing. The building is also not handicapped accessible. Future plans call for the construction of a new beach change house/restroom building. However, construction of new facilities such as the restroom building may not be constructed in the foreseeable future given the present funding allocation for regional parks.

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

Please see the Park and Trails CIP and Met Council Advance Funding Reimbursement on the next pages for further details.

**PARKS & TRAILS
CAPITAL IMPROVEMENT PLAN - Fund #34
2012**

DESCRIPTION	PERCENT PAID BY Others	ESTIMATED YEAR NEEDED	ESTIMATED PROJECT COST	ESTIMATED PROJECT COST PLUS INFLATION	ESTIMATED PROJECT COST PLUS INFLATION	COUNTY CIP	Federal Grant (1) /Other Sources
<i>PHASE I - East County Line to Mayer Rail to Trail (1):</i>							
<i>Project Construction Costs</i>	100%	2010	2,225,000	2,225,000	-	-	2,225,000
<i>Park Land Acquisition - Local share (Advance funded by Reserves designated for park land acquisition)</i>	0	2010	226,512	226,512	226,512	226,512	-
<i>Lake Minnewashta Regional Park - Trail and Underpass</i>	83%	2011	1,510,000	1,510,000	260,000	260,000	1,250,000
<i>PHASE II - Mayer to West County Line Rail to Trail (1):</i>							
<i>Project Prelim Engineering Trail and TrailHead</i>	0%	2012	220,000	220,000	220,000	220,000	-
<i>Park Land Acquisition - Local share (Advance funded by Reserves designated for park land acquisition)</i>	0	2013	700,000	728,000	728,000	728,000	-
<i>Park and Trail Sustainability Projects</i>	0	2014	500,000	541,000	541,000	541,000	-
<i>Park and Trail Sustainability Projects</i>	0	2015	500,000	562,000	562,000	562,000	-
<i>Park and Trail Sustainability Projects</i>	0	2016	500,000	585,000	585,000	585,000	-
<i>Lake Minnewashta Regional Park - Phase I Development</i>	0	2020	1,500,000	2,053,000	1,553,000	1,553,000	500,000
<i>Lake Waconia Regional Park - Phase I Development</i>	0	2025	3,000,000	4,618,000	3,118,000	3,118,000	1,500,000

Totals Project Costs

\$ 10,881,512 \$ 13,268,512 \$ 7,793,512 \$ 5,475,000

Projected Cash Flows

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
BEG. FUND BALANCE:	\$ 403,204	\$ 858,997	\$ 440,997	\$ 209,997	\$ 282,997
Parkland Acquisition Levy	50,000	50,000	50,000	50,000	50,000
Sales Tax Legacy Allocation	260,000	260,000	260,000	260,000	260,000
Grant Reimbursement for Project Work Already Completed	365,793	-	-	-	-
State Aid - 25% to Park & Trail CIP	-	-	-	-	-
25% of County Debt Service for Bonds paid off in 2014	-	-	-	325,000	325,000
One-Time Project Costs	(220,000)	(728,000)	(541,000)	(562,000)	(585,000)
PROJECTED YEAR END FUND BALANCE: (Fund #34) (2)	\$ 858,997	\$ 440,997	\$ 209,997	\$ 282,997	\$ 332,997

(1) Federal grants have been awarded to fund 80% of the trail construction costs.

PARKLAND ACQUISITION DESIGNATION - Fund #34
ESTIMATED COUNTY CONTRIBUTION (1) AND MET COUNCIL ADVANCE FUNDING SCHEDULE
2012

DESCRIPTION	ESTIMATED YEAR NEEDED	ESTIMATED COUNTY CONTRIBUTION (1) AND ADVANCE FUNDING
Parkland acquisition - Waconia Event Center (\$2,511,061) - Local contribution:	2008	-
Parkland acquisition	2009	-
Parkland acquisition - Country Store (\$858,664) - Local Contribution:	2010	226,152
Parkland acquisition - Funded UP Line acquisition - reimbursed 100% by Met Council/CCRRA/Scott County, Etc.	2011	2,051,081
Parkland acquisition	2012	-
Parkland acquisition - Local contribution	2013	950,000
Parkland acquisition	2014	-
Parkland acquisition	2015	-
Parkland acquisition	2016	-
Parkland acquisition	2017	-
Totals		<u>\$ 3,227,233</u>

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
BEG. FUND BALANCE:	\$ 2,818,502	\$ 3,243,502	\$ 2,343,502	\$ 2,768,502	\$ 2,818,502
Board Designation to Advance Fund Park Land Acquisition	-	-	-	-	-
Property tax levy designated for County's local share of Met Council reimbursemed park land acquisition.	50,000	50,000	50,000	50,000	50,000
UP Line acquisition - purchase price loaned to CCRRA	-	-	-	-	-
UP Line acquisition - 100% Reimbursed by others	-	-	-	-	-
Met Council annual reimbursement for Parkland Acquisition paid out of \$4M Designation	375,000	-	375,000	-	375,000
Met Council up-front reimbursment for land acquisition	-	-	-	-	-
Parkland acquisition costs - reimbursable from Met Council	-	-	-	-	-
Parkland acquisition costs - County contribution (1)	-	(950,000)	-	-	-
PROJECTED YEAR END PARKLAND ACQUISITION RESERVE BALANCE: (Fund #34)	<u>\$ 3,243,502</u>	<u>\$ 2,343,502</u>	<u>\$ 2,768,502</u>	<u>\$ 2,818,502</u>	<u>\$ 3,243,502</u>

(1) Prior to 2009, the County was reimbursed by the Met Council for 100% of the parkland acquisition that was advanced funded by the County. Rules now in effect for any new purchases require a local contribution that is not reimbursable from the Met Council. A new \$50,000 capital levy for parkland acquisition has been collected starting in 2009 to accumulate funds for this local contribution.

Year Fully Reimbursed for Land Acquisition by Met Council according to current formula

	<u>2016</u>
Beg designation	\$ 4,000,000
County contribution: new formula requires 25% local contribution	(1,176,152)
Remaining Board Designated Funds once fully reimbursed by Met Council	2,823,848
Additional Funds available from 2016 \$375K Met Council Reimbursement after County Fully Reimbursed for Land Acquisition	36,939
County Funds from \$50K Levy since 2009	382,715
Designated Funds for Park Land Acquisition	<u>\$ 3,243,502</u>

D. LAKE WACONIA EVENT CENTER CIP – FUND #02 (Restricted Funds)

In 2008, the County advance funded for the Met Council \$2.5 million for the Lake Waconia Ballroom land acquisition consistent with the County's Master Plan for Lake Waconia Regional Park (LWRP). While the land acquisition was a key element of Park's Master Plan, the Ballroom facility was not. However, since implementing the LWRP Master Plan is not anticipated in the foreseeable future, the County Board was interested and the Met Council was willing to allow the Ballroom to stay open until the County was ready to implement the next phase of the LWRP Master Plan. Thus, after considering several potential operators, the County signed a six-year lease agreement with Lancer Hospitality to operate the Ballroom facility. Lancer Hospitality operates facilities under similar lease agreements with a number of other organizations throughout the Twin Cities including the State of Minnesota's Minnesota Zoo and the City of Brooklyn Center's Edinburgh Clubhouse.

In May 2009, Lancer Hospitality started operating the ballroom facility as the Lake Waconia Event Center. Under the terms of the lease agreement, Lancer pays 12% of its gross receipts to the County.

Any funds the County receives from Lancer Hospitality is required to be spent within Lake Waconia Regional Park, including the Event Center Building, in compliance with the Met Council's advance funding agreement.

Please see Lancer Hospitality's 2012 Business Plan and the Lake Waconia Event Center CIP on the next pages for more details.

Lancer Hospitality

Lake Waconia Event Center

Business Plan for October 1, 2011 to October 1, 2012

Lancer Hospitality holds the facility management contract for Lake Waconia Event Center. The Event Center is the location of a variety of public and private events. Private events at the facility include wedding receptions, corporate events and other social functions. Public events include dances, comedy shows and musical performances.

- I. **Scope of Operations:** Lancer will continue to book and host a variety of catered events at Lake Waconia Event Center. While we expect to host more wedding receptions than anything else we will also market the Event Center for holiday parties, retirement dinners, bar and bat mitzvahs and other social events. Lancer will also continue to host public events in which we book entertainment and invite the community to attend. These events in the past have included comedy shows and musical performances. We expect to continue to promote occasional comedy performances during the next year and 4-6 musical performances.
- II. **Marketing:** Lancer will market the facility in a variety of ways including:
 - a. Print advertising in the circular publication MN Bride
 - b. Our Lake Waconia Event Center page on the Lancer Catering website
 - c. The promotion of the Lake Waconia Event Center at 2 to 3 wedding shows
 - d. Posting the Event Center on the Knot.com wedding planning website
 - e. Radio advertisements
 - f. Print advertising in business publications such as Minnesota Meetings and Events and the Business Journal.

Lancer will also promote the facility through professionally crafted sales collateral and menus. Lancer's marketing department will ensure that every piece of communication that comes from or about Lake Waconia Event Center reflects a polished, professional image.

- III. **Capital Improvement:** Lancer is working closely with the county to coordinate the updates needed for smooth operations and to comply with code issues. We hope that with increased traffic and use of the facility it will become financially viable for us to install ventilation hoods in the kitchen and build-out that space so that the kitchen can

become a full-service on-site kitchen. We have undertaken such projects at other facilities we serve and are confident in our ability to accomplish this project if we can increase use of the space to the degree necessary to support this level of capital investment. If revenue projections are realized kitchen build-out would take place within two years.

IV. Revenue Projections: Lancer projects hosting 40+ wedding receptions in the Event Center in 2012. Lancer also projects hosting 20 corporate and social private catered events. Additionally Lancer is projecting to host 5-10 public entertainment events. Gross revenue projected for 2011 is \$300,000. Gross revenue for 2012 is projected at \$400,000.

**LAKE WACONIA REGIONAL PARK - WACONIA EVENT CENTER
CAPITAL IMPROVEMENT PLAN - Restricted Funds (Fund #02)
2012**

DESCRIPTION	ESTIMATED YEAR NEEDED	ESTIMATED PROJECT COST	(Includes Adjustment For Inflation)		
			COUNTY	MET COUNCIL	LANCER
Landlord Responsibility - County:					
Parking lot - 50/50 split with Lancer	2013	30,000	15,600	-	15,600
Regional Park Responsibility - Met Council (1): (Advance Funded by County)					
Master Plan Development Phase I - Professional Services	2013	25,000	-	26,000	-
Connect Regional Park Buildings to City Sewer System	2021	250,000	-	355,800	-
Tenant Responsibility - Lancer:					
Update kitchen, building interior and exterior	2014	200,000	-	-	216,300

Total Project Costs

\$ 505,000

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<u>Projected Cashflow:</u>					
Beginning Restricted Funds Cash Balance:	\$ 12,434	\$ 39,434	\$ 50,834	\$ 77,834	\$ 104,834
County's Building Rental Income Based on a Percentage of Lancer's Gross Receipts (2)	48,000	48,000	48,000	48,000	48,000
Building Facility/Equipment Repair and Replacement	(15,000)	(15,000)	(15,000)	(15,000)	(15,000)
Building and Grounds Insurance Premium	(6,000)	(6,000)	(6,000)	(6,000)	(6,000)
County Funded Capital Projects	-	(15,600)	-	-	-
PROJECTED YEAR END CASH BALANCE - RESTRICTED FUNDS (3):	<u>\$ 39,434</u>	<u>\$ 50,834</u>	<u>\$ 77,834</u>	<u>\$ 104,834</u>	<u>\$ 131,834</u>

(1) County cash flows the project costs from Board designated funds for park land acquisition which are then reimbursed by the Met Council.

(2) Lancer projected gross receipts of \$400K @ 12%.

(3) Use of these funds is restricted by Met Council bonding authority which was used to fund the land acquisition and the Ballroom.

	<u>Actual 2008</u>	<u>Actual 2009</u>	<u>Actual 2010</u>	<u>Actual 10/31/2011</u>	<u>Projected 2011</u>
<u>Actual Cashflow:</u>					
Beginning Cash Balance	\$ -	\$ -	\$ (8,185)	\$ 1,022	\$ 1,022
Land Acquisition - Advance Funded	(2,530,000)	-	-	-	-
Board Designated Funds for park land acquisition	2,530,000	-	-	-	-
Parks Department Building Funds - capital projects rollover \$	-	100,000	-	-	-
Expenditures initially coded to Parks budget	-	(8,794)	-	-	-
Lease Revenue (02-110-529-5815)	-	-	27,726	28,371	34,371
Professional & Tech Fees for Service (02-110- 529-6260)	-	(17,499)	(7,408)	(5,400)	(5,400)
Repairs and Maintenance (02-110-529-6310)	-	(41,273)	(4,292)	(8,274)	(10,774)
Building Insurance Premium (02-110-529-XXXX)	-	-	(5,777)	(5,777)	(5,777)
Miscellaneous expenses (02-110-529-66XX)	-	(40,619)	(1,042)	(8)	(1,008)
YEAR END CASH BALANCE - RESTRICTED FUNDS	<u>\$ -</u>	<u>\$ (8,185)</u>	<u>\$ 1,022</u>	<u>\$ 9,934</u>	<u>\$ 12,434</u>

E. REGIONAL RAIL AUTHORITY CIP – FUND #15

The Carver County Regional Rail Authority oversees designated rail transportation corridors in Carver County. Rail authority funds are used for land stewardship to maintain rail transportation corridors for future transportation uses. The primary funding source for this CIP is the Regional Rail Authority \$120K tax levy. 2012 capital projects in the Rail Authority CIP are a transfer to the Dakota Rail trail and the development of a stewardship plan for the recently acquired UP Line.

Please see the Regional Rail Authority CIP on the next page for more details

VI. BONDING AND DEBT SERVICE

The long term financial plan identifies the necessary financial capacity for the County's building, road & bridge, and park & trail projects for the next 10 to 15 years.

In 2015, the County's total debt service decreases by \$1.3 million as a bond will be paid off in 2014. This Plan anticipates the Board continuing this levy for 2015 and beyond with the funds being split 50% to the Road and Bridge CIP, 25% to the Parks and Trail CIP and 25% to the Buildings CIP. This new revenue source along with reallocated others in the Road and Bridge CIP are planned to finance a \$15 million bond sale for road and bridge projects in 2016.

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

The following Five-Year Debt Service schedule offers more details:

CARVER COUNTY CHASKA, MINNESOTA COMBINED SCHEDULE OF BONDS PAYABLE December 31, 2011											
Bond Type	Interest Rates	Payment Due Date	Original Amt. Issued	Amount Outstanding 12/31/11	2012	2013	2014	2015	2016	2017 to 2021	2022 to 2024
2005 G.O. Capital Improvement											
Principal.....		2/1	10,000,000	7,010,000	\$665,000	\$690,000	\$720,000	\$745,000	\$775,000	3,415,000	-
Interest.....	3.9714%	2-1/8-1		1,339,314	264,821	238,738	211,595	183,394	153,940	286,826	-
Total				8,349,314	929,821	928,738	931,595	928,394	928,940	3,701,826	-
2008A General Obligation											
Principal.....		5/1	18,695,000	13,910,000	1,920,000	1,980,000	2,040,000	760,000	785,000	4,405,000	2,020,000
Interest.....	3% - 4%	5-1/11-1		2,732,513	470,525	409,550	344,225	297,775	270,738	858,100	81,600
Total				16,642,513	2,390,525	2,389,550	2,384,225	1,057,775	1,055,738	5,263,100	2,101,600
2008B General Obligation											
Principal.....		2/1	5,020,000	4,545,000	270,000	280,000	295,000	305,000	320,000	1,800,000	1,275,000
Interest.....	4% - 4.8%	2-1/8-1		1,441,944	191,098	180,098	168,598	156,598	144,098	508,255	93,199
Total				5,986,944	461,098	460,098	463,598	461,598	464,098	2,308,255	1,368,199
Total Principal.....			41,875,000	25,465,000	2,855,000	2,950,000	3,055,000	1,810,000	1,880,000	9,620,000	3,295,000
Total Interest.....				5,513,771	926,444	828,386	724,418	637,767	568,776	1,653,181	174,799
Total				30,978,771	3,781,444	3,778,386	3,779,418	2,447,767	2,448,776	11,273,181	3,469,799

VII. OPERATING BUDGET FINANCIAL CHALLENGES

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

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

Chart #1: Population Trend

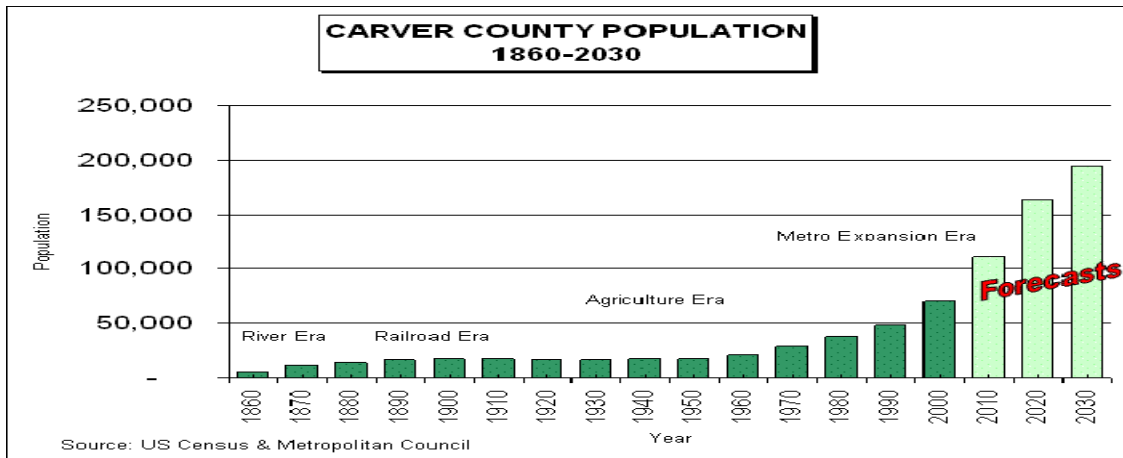
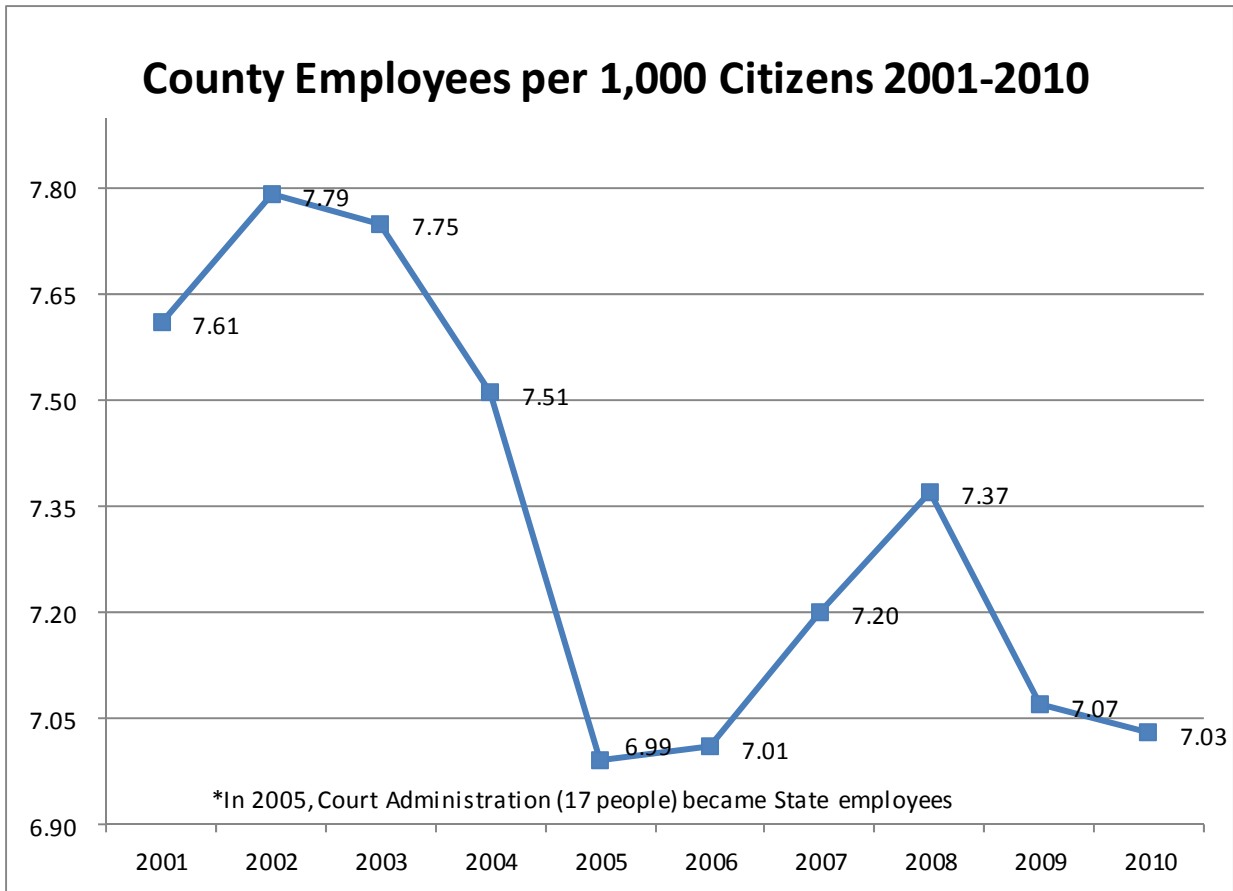


Chart #1 shows the dramatic forecasted increase to almost 200,000 residents by the year 2030. The County's primary strategy to finance increasing service demands from population growth is to hire additional Full-Time Equivalent (FTE) employees at a slower rate than the County's overall growth by:

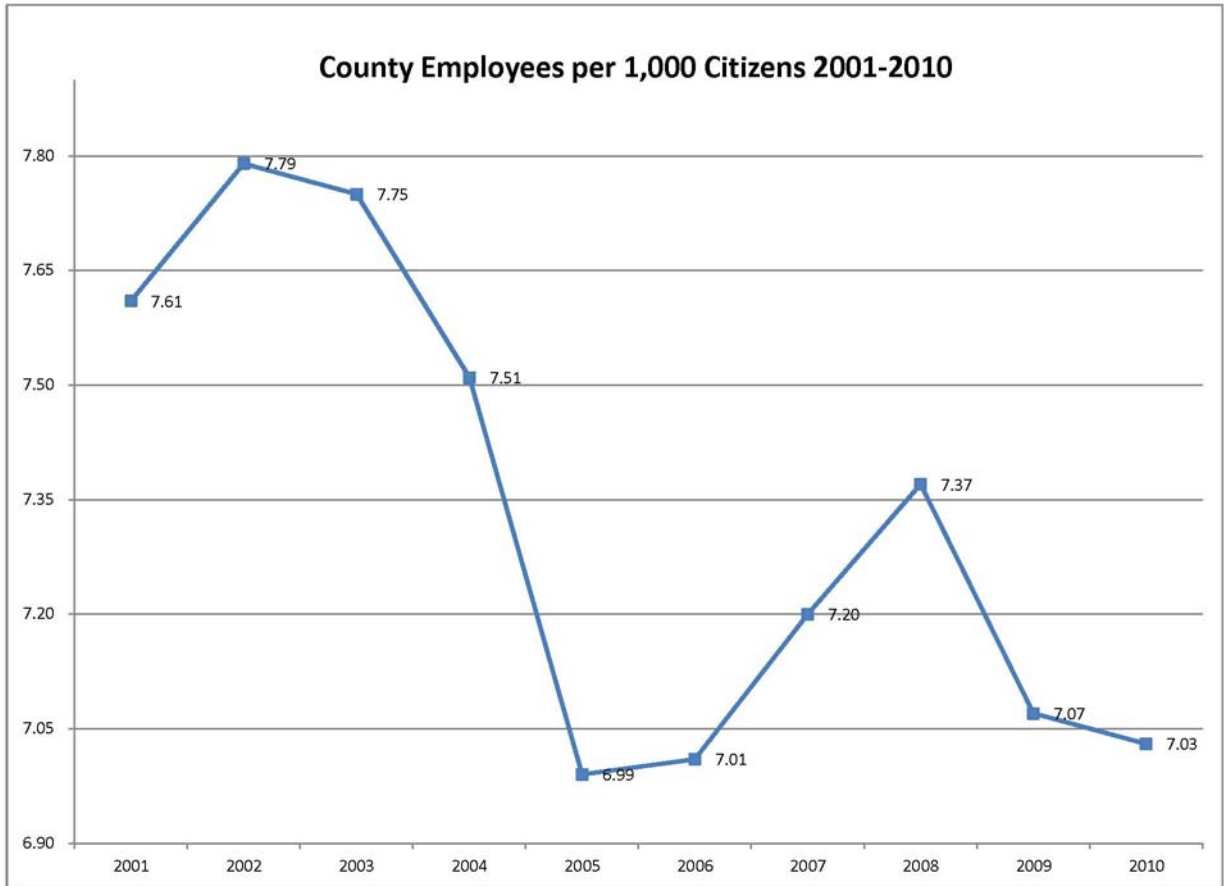
1. Leveraging technology to gain staff efficiencies: An extensive list of technology projects throughout the County are expected to increase staff efficiencies.
2. Collaborating with other organizations to enhance service delivery, increase efficiencies, and eliminate duplication of efforts: In 2008, the County created the Association of Carver County Elected Leaders (ACCEL) to facilitate this effort.
3. Develop a pay-for-performance model that rewards outstanding performance: Employee Relations has begun the process to shift the County from the current legacy step pay model to a pay-for-performance model.

The following graph of Levy-Funded FTE Employees Per Thousand Residents will be used to measure the County's overall progress of this strategy.



To plan for additional staff that will be needed to provide services as the County's population grows to 100,000, the following chart was created as a high-level projection of the County's future staffing needs.

This projection is in the process of being completed.



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B. Employee Health Insurance Costs

In 1996, the last time the County went out for bids, only one major health insurance carrier offered a bid and the two major carriers indicated they will not be bid for the County's future business until the County provides consumer-driven health insurance options to its employees. In response, the County developed the following strategies:

1. Plan Design: Consumer-Driven Models

The latest trend to attempt to slow health care costs is to give consumers more choice in their health care which is commonly referred to as "consumer-driven health plans." In 2009 & 2010, the County Board approved the recommendations of the Health Care Labor Management Committee and created incentives for employees to migrate from the legacy Plan A to: a new "Plan B" – a high-deductible HRA which shares risk with the employee in exchange for lower premiums; an improved Plan C – a Tiered Network where clinics/hospitals with higher care ratings have lower deductibles; or a high-deductible HSA Plan D. The Board also created a cafeteria plan to provide employees with more benefit flexibility.

2. Education/Wellness

Estimates have calculated that 50% of health care costs relate to poor choices: what we eat, smoking, alcohol and drug use, etc. In 2008, the County Board approved the creation of a Wellness Committee to create a healthier culture at the County. Employee awareness, participation and support for the various Wellness programs and activities has been growing and is expected to continue in the future.

For 2011, insurance premiums increased by just over 2% and premiums for 2012 actually decreased as a result of very competitive bidding for the County's 5 year contract. In addition, favorable rate caps are in place for the next five years. To keep the positive momentum going, the County is focusing on two new strategies:

3. \$ Incentives to Encourage Basic Health Activity

For 2012, the Health Break Committee developed a \$100 incentive for employees who do a basic level of preventative steps like screenings, health assessment, dental check-up, exercise, etc. In addition, the Committee plans to continue analyzing the County's aggregate health care utilization records (records that cannot be traced to the individual employee) to find information that will be useful when considering future Plan Design and/or Education/Wellness program changes. The goal is to mitigate/lower areas of high claims in the County's health care utilization.

4. Self-Insure

The Health Care Labor Management Committee is researching the possibility of self-insuring for health insurance as a strategy to save on health insurance costs.

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

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

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

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

- Subsidized Health Insurance Payments – For employees hired before June 1, 2010, Carver County Policy provides employees who retire at or after age 60 with at least 20 consecutive years of service, the same coverage as an active employee until eligible for Medicare. The contribution for this coverage has been capped by the County Board at its current contribution level and is not expected to increase with medical trend.
- Access to Group Insurance – MN Statutes requires that pension-eligible retirees be given access to the County's group insurance plan for the same premium as active employees until Medicare eligibility (retiree pays 100% of the premium). The State mandate that blends the premium for more costly to insure retirees and the less costly active employees creates what is called an Implicit Rate subsidy.

The annual actuarial contribution for these two benefits, commonly referred to as the OPEB Annual Contribution, is \$1,019,997 as of 1/11/11. The majority (approximately three-fourths) of Carver County's OPEB Contribution is attributed to the State Law requiring Retiree's Access to Group Insurance.

The County started addressing funding for its OPEB liability in 2009 with a \$200,000 OPEB contribution (\$100,000 levy allocation and \$100,000 one-time Year-End Savings Account allocation). In the 2010, 2011 and 2012 Budgets, the annual levy allocation was increased by \$100,000 to a total of \$400,000. For 2013 and beyond, the long term financial plan is to continue increasing the annual contribution by \$100,000 each year until the County's annual levy allocation equals the OPEB Annual Contribution. Depending on the length and severity of the current economic slowdown and the related tight County Budget, it is considered likely that it will take 8-12 years before the County's annual levy allocation equals the County's OPEB Annual Contribution.

D. Building Security

Building security is an emerging county wide issue that needs County Board and staff attention. A cross-section of County staff is in the process of developing a plan to gradually increase the security of the County's building. The cost of these phases will be operating costs due to increased labor as well as capital for new screening equipment and building remodeling. The goal is to start implementing high-impact, low-cost changes as soon as possible and then identify the projects with medium to high cost as well as possible funding sources. An initial \$50,000 was set aside in the 2011 Budget to develop an initial plan for increasing building security.

E. Parks Operating Budget Challenge

The County's Park system has a growing list of maintenance projects for its buildings and infrastructure driven by more and more visitors using the County's aging park system. The long-term financial strategy to address this operating budget challenge is to designate increased park permit fee revenue to maintain and operate the park system. In the past, increased park permit revenue was swallowed up by the General Fund while increased park maintenance costs had to compete with other needs for general fund tax dollars. Starting in 2010, budgeted increases in park permit fees are being used to fund park maintenance projects. By continuing this funding strategy for future operating park permit fee revenue increases, the Parks Department will have a growing designated non-property tax revenue source that it can use to maintain and operate the County's Park system.