

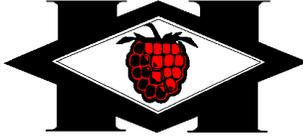
**HOPKINS CITY COUNCIL
WORK SESSION
AGENDA**

Tuesday, June 14, 2022

6:30 pm

Hopkins City Hall – Council Chambers

- 6:30 p.m. Proposals for Lot 800; Elverum
- 6:45 p.m. 325 Blake Road Update; Elverum (verbal update)
- 7:15 p.m. Financial Management Plan; Bishop
- 7:45 p.m. Tax Increment Financing (TIF) Overview; Bishop
- 8:30 p.m. Fund Balance Discussion; Bishop
- Other
- Adjournment



CITY OF HOPKINS

Memorandum

To: Honorable Mayor and Council Members
Mike Mornson, City Manager

From: Kersten Elverum, Director of Planning & Development

Date: June 14, 2022

Subject: Proposals for Lot 800

PURPOSE

The purpose of the discussion at the June 14, 2022, work session is to present the responses to the Request for Proposals issued for 102 10th Avenue North, also known as Lot 800.

INFORMATION

One proposal was received from William Stoddard, Stoddard Companies. The proposal describes a project consisting of up to ten market rate townhomes sold to individual buyers. The stated purchase price for the land is \$60,000. Mr. Stoddard also outlined an option of increasing the purchase price to \$160,000 if he were to receive tax increment financing. The proposal does not include a site plan or architectural renderings but provides an example of a similar development in Excelsior. The full proposal is attached for your review.

Staff did have discussions with several developers who were interested in the site but consistently they indicated difficulty in making the finances work given our stated goals for the site. This is likely an indication that in order to realize affordable, homeownership the City would need to offer a financial incentive.

FUTURE ACTION

If the City Council is interested in pursuing the proposal from Stoddard Companies, staff would meet with the developer to begin to refine the concept that would be brought back to the City Council and Planning Commission at future meetings.

Attachments:

- Request for Proposals
- Proposal from Stoddard Companies

Request for Development Proposals

Issued by the City of Hopkins/Hopkins Housing & Redevelopment Authority

102 10th Avenue North, Hopkins, MN



Estimated RFP Schedule	
Request for Proposals Issued	April 6, 2022
Proposal Deadline	June 3, 2022
Proposal Review	June 14, 2022
Proposer Interviews	TBD
Developer Selected	TBD

The City of Hopkins reserves the right to extend, modify or terminate the above schedule and/or process.

PROPOSAL INFORMATION

Complete proposals are due by 4 pm on June 3, 2022.

Send proposals to:

Kersten Elverum
Director of Planning & Development
City of Hopkins
1010 First Street South
Hopkins, MN 55343

Questions regarding this RFP should be directed to:

Kersten Elverum
Director of Planning & Development
952-548-6340
kelverum@hopkinsmn.com

Jan Youngquist
Community Development Coordinator
952-548-6343
jyoungquist@hopkinsmn.com

OPPORTUNITY STATEMENT

The City of Hopkins/Hopkins Housing and Redevelopment Authority (HRA) is soliciting proposals for development on the City-owned site currently referred to as Lot #800. Today it serves as a free parking lot for transit riders on Metro Transit and to support parking for Hopkins' downtown. It is underutilized for this purpose and the City is interested in maximizing its use and value by facilitating private development on the site.

DEVELOPMENT VISION

The Hopkins HRA seeks an experienced and qualified developer to construct a transit-supportive development on a rare infill site adjacent to Hopkins historic downtown.

The Hopkins HRA seeks proposals for development that would support the following City goals:

- Grow the tax base
- Provide employment and/or housing opportunities. Affordable homeownership proposals for households earning 60-80% of the area median income are strongly encouraged.
- Support the economy of Downtown Hopkins
- Support ridership on the Metro Green Line Extension
- Create a welcoming gateway to Hopkins from the Lake Minnetonka LRT Regional Trail

- Provide appropriate transition from the historic downtown to the Avenues neighborhood

Ideally a successful team will meet the following design goals:

- Provide structured automobile parking in order to minimize surface parking
- Support numerous multi-modal opportunities including biking, walking, electric vehicles, transit and car sharing
- Provide green space for both public and private use
- Include attractive architecture that compliments the surrounding neighborhood and if a commercial use, establishes the design aesthetic for future commercial uses in the area
- Incorporate many sustainable elements into the building and site design
- Eliminate at least one access point into the site from a main road

For a proposed housing development, the HRA is interested in:

- Maximizing the number of housing units within the 2.5 story/36 feet limit
- Providing ownership opportunities

For a commercial development proposal, the expectation would be:

- Businesses that would bring living wage jobs
- Compatibility in use and design with the surrounding single family homes
- Maximum height of 2-stories/36 feet

SITE AND BACKGROUND INFORMATION

Property Description

Lot #800 is located at the northwest corner of the intersection of 10th Avenue North and 1st Street North in Hopkins. The north property line is adjacent to the Lake Minnetonka LRT Regional Trail. Surrounding uses include single family homes on the north and west, and one-story commercial uses on the south and east. Today the site consists mostly of bituminous pavement with a small grass and tree-covered area on the north end where it abuts the Lake Minnetonka LRT Regional Trail.

The property consists of three parcels totaling .69 acres or 30,328 square feet, and is owned by the City of Hopkins. The Hennepin County Property Identification Numbers for the three parcels are:

- 2411722310095
- 2411722310094

- 2411722310002

The site is located on the northern edge of Hopkins historic downtown, known for its interesting mix of locally-owned businesses and restaurants. Downtown Hopkins features a wide variety of amenities including a seasonal farmer’s market, outdoor concerts, the Hopkins Center for the Arts, Hennepin County Library, Driskill’s grocery store, Hance Hardware, Center Drug, and numerous restaurants and bars, making downtown one of most walkable and convenient places to live and work in the metro area.



Access, Connections & Transportation

Access

In an effort to improve the pedestrian and bike experience in and near the site, proposers should plan to eliminate a vehicle access; either off 1st Street North or 10th Avenue North. The west alley can be used as a secondary access to the site.

Sidewalks

Currently sidewalk exists on the east side of the property and must be replaced as part of development of the site.

Regional Trail

The site is adjacent to the Lake Minnetonka LRT Regional Trail, a popular recreational and commuter trail that hosts an estimated 640,000 annual visits. Traveling northwest, trail users travel through Minnetonka, Excelsior and Victoria. To the southeast, this multi-use regional trail connects trail users to a separated bikeway on the Artery at 8th Avenue, which connects to the Minnesota River Bluffs LRT Regional Trail going west and the Cedar Lake LRT Regional Trail to the east.

METRO Green Line Extension

The Downtown Hopkins LRT Station on the METRO Green Line is located within a 10-minute walk from the site. Enhanced connections via the Artery make the walk easy and enjoyable. The METRO Green Line Extension is a 14.5 mile extension of the METRO Green Line from Minneapolis to Eden Prairie. METRO Green Line Extension will provide a one-seat ride to downtown Minneapolis, the University of Minnesota, the State Capital and downtown St. Paul to the east, as well as major employment centers including the Opus Business Park, the United Health Optum campus and the Golden Triangle to the west. When completed, the Extension will be part of an integrated system of transit ways, including connections to the METRO Blue Line, which includes the MSP Airport and Mall of America, the proposed METRO Blue Line Extension, Northstar Commuter Rail Line and many major bus routes.

It is anticipated that the METRO Green Line Extension will be operational in 2027.

Bus Transit

The site is conveniently located with 2 blocks of bus stops for Metro Transit routes 612 and 615. Route 612 travels between the Uptown Transit Center in Minneapolis, through St. Louis Park and Hopkins to the Opus Business Park in Minnetonka. Route 615 travels from the Excelsior & Grand development in St. Louis Park, through Hopkins, to Ridgedale Mall in Minnetonka.

LAND USE

Comprehensive Plan

The site was identified as a possible redevelopment area in the 2040 Comprehensive Plan and guided as Downtown Center with a density of 20-100 dwelling units/acre. The Downtown Center future land use category calls for moderate density mixed use development designed to complement and enhance the existing development pattern and support the public investment in transit. Generally, the Downtown Center future land use category recommends

development to be a mix of 25% commercial and 75% residential although different mix percentages will be considered.

Zoning

The subject property is currently zoned R-4, Medium High Density Multiple Family. However, the City of Hopkins is in the process of a comprehensive review and update of the City’s zoning regulations and it is anticipated that the zoning of this property will change. The working draft of the new zoning regulations assigns an RX-N, Residential Office Mix zoning classification; however, the draft zoning has yet to be finalized and approved by the City Council. If the preferred proposal applies for land use entitlements prior to the new code being adopted, the City will likely support the use of Planned Unit Development (PUD) zoning to achieve the goals identified for the site.

The proposed RX-N zone is intended for locations along corridors and neighborhood edges where residential, office and limited commercial uses can mix comfortably in a walkable environment. Draft development standards are summarized in the table below.

Draft RX-N Development Standards	
Category	Standard
Height	1-2.5 stories
Front Setback	5’-15’
Side Setback	5’-10’
Rear Setback	10’-20’
Hard Surface Coverage	60%-70%
Vehicle and Bicycle Parking	<ul style="list-style-type: none"> • Surface allowed behind building but enclosed parking is preferred • Office - 1/400 square feet • Residential – Based on unit/bedroom count • Reduced parking standards may be considered for affordable housing • Bicycle Parking – 1.1/unit (residential) • Office – 1/4,000 square feet

Environmental

A Phase I Environmental Site Assessment (ESA) was prepared for the property in August 2019. The site was previously developed as single family homes, which were demolished in the mid-1970’s. The site was paved for parking by 1984. The Phase I ESA revealed no evidence of

recognized environmental conditions, historical recognized environmental conditions or controlled recognized conditions in connection with the property.

Storm Water Management

Development must meet the storm water management requirements of the city and the Nine Mile Creek Watershed District, the regulatory agency for storm water and erosion control permitting.

Utility Connections

An existing 8" sanitary sewer main and 6" watermain are located within 10th Avenue North. Storm sewer is located to the north and west of the site. 10th Avenue North is in the 5-year capital improvement plan for reconstruction and utility mainline capacity upgrades are possible at that time.

CITY POLICIES FOR DEVELOPMENT

Affordability

The City is interested in creating more affordable housing opportunities within the City and increasing owner-occupied housing choices. Proposals for housing that include affordable ownership opportunities are strongly desired.

Public Assistance

It is the desire of the City of Hopkins to receive fair market value for the property and not provide a subsidy for development unless the project demonstrates clear, significant community benefits.

Sustainability

The intention is for the selected development to incorporate many sustainable elements so that it serves as a model for future development, with a focus on alternative and/or reduced energy use. Electric vehicle charging stations are expected. Building certification through Energy Star or similar program is desired.

RFP SUBMISSION AND SELECTION PROCESS

Proposal Content

Proposal responses should demonstrate clearly and accurately the capabilities, knowledge, experience and capacity of the development team to meet the requirements of the RFP and proposed project.

Respondents must submit three hard copies, and one digital file of their proposal containing the following information:

- A cover page including the following information:
 - Developer/team's name and mailing address
 - Name, mailing address, telephone number and email address of the primary contact person
 - Signature of authorized representative of responding developer or team
- Letter of Intent to purchase the property including the offered amount. It is the expectation of the HRA to sell the property for fair market value.
- Identification and qualifications of the development team including architect, engineering firm and contractor (if known). Please indicate any women or minority-owned companies involved with the project and the percent of the overall budget their work represents.
- List of two or more development projects of similar nature or scale.
- Brief narrative that describes the proposed project and how it meets or exceeds the city's vision and development objectives.
- Preliminary Site Plan
- Conceptual building elevations and renderings to illustrate the proposed project
- List of project components, stories, square footages, and building materials. If you are proposing a residential development include the unit mix, number of affordable units available at 30, 50, 60 & 80% AMI.
- Estimated project construction cost
- Project's estimated economic benefits including total market value of development, BIPOC hiring plans, and overall employment potential
- Project's community benefits resulting from the project such as affordability, connections and support of surrounding uses, advancement of racial equity and inclusion, public spaces and amenities, landscaping and public art
- List of environmentally-sustainable elements incorporated into the project

- Projected timeline for land use approvals, purchase of site and construction of project
- Developer's current legal status: corporation, partnership, sole proprietor, etc. and supporting evidence of financial ability to complete project
- Description of how you will interact with the community to assure your project addresses their needs and concerns
- Any other information that is critical to the city's ability to evaluate the proposal



Developers, Owners & Managers of Luxury Apartments, Senior Living, Residential Subdivisions, and Townhomes

June 3, 2022

Kersten Elverum, Director of Planning & Development
City of Hopkins
1010 First Street South
Hopkins, MN 55343

Golden Villas, LLC
Groveland Pond, LLC
PPSL, LLC
Senior Housing Ventures
SHV, Inc.
Summitonka Enterprises
Minnetonka Enterprises
Paradise Care Cottages
Paradise Care Villas
Excelsior Promenade
Yacht Club Bay
Crystal Beach
Sewalls Point Lots
South Shore Estates
Big Bay Road

RE: Lot #800 City Request for Development Proposal (RFP)

Background:

On behalf of SH Ventures, Inc. (Stoddard Companies), we are pleased to express our interest and offer to purchase & develop an existing parking Lot known as Lot #800 for the purpose of re-developing the site into market rate housing that will provide the City a great Gateway and tax-base for years to come.

We believe we have unique experience for this project as we have developed two (2) townhome projects on this SAME Lake Minnetonka LRT Regional Trail in downtown Excelsior, MN (refer to Exhibit 1). The first, the Excelsior Promenade is a 10-Unit Development and a block away from the second, The Villas at Excelsior Village, an 18-Unit project. Both projects incorporated a sense of community and architectural charm ranging from historic to incorporating Italianate features of the era of when that City was founded in 1853. We intend to learn more about Hopkin’s unique history, culture and current market trends and incorporate those into our proposed project.

New market rate townhomes not only grow the tax base, but provides employment opportunities for the various trades and subsequent maintenance trades, will support the Downtown Hopkins businesses, is walkable to numerous businesses and the Metro Green Line Extension and will be a welcoming transition from historic downtown to the Avenues neighborhood.

City Submission Goals Response:

1. **Structured Parking:** Each townhome will have a private garage to park two cars to minimize surface parking, also provided but limited.
2. **Multi-Modal Opportunities:** Each townhome will provide a wall mounted enclosed bike rack and electric vehicle charging station and owners will be encouraged and provided local transit and car sharing directions.
3. **Public & Private Green Space:** Additional planning to incorporate a public bench on an appropriate corner and private green space location tbd during this process.
4. **Architecture:** Renderings have not been completed by the time of this submittal however plans will include design aesthetics to be negotiated with the City for our intended residential use.
5. **Sustainability:** Sustainable Elements will be incorporated into the townhomes to include energy efficient appliances, low water-use fittings & valves, passive solar and other elements.
6. **Access Points:** One access point will be eliminated from the existing access configuration.
7. Our final plan will maximize the amount of units (10 might be the maximum tbd) and will be sold as market-rate townhomes to individual owners.

Offer To Purchase:

As the City knows most recent residential multi-family projects have required tax increment financing (TIF) and our offer for this approximately 0.69 acre (30,328 sf) site may be dependent on Developer pay-as-you-go TIF, however we have made two offers below with final offer to be determined after site utilities and grading is better understood. We desire to be the Sole developer to work with

the City for this property. Our offer is conditioned on keeping the current zoning of R-4, Medium High Density Multiple Family. Due to our current time constraints we feel the current zoning IS acceptable and the time, effort, expense and energy to request zoning change to PUD may not be prudent from our perspective at this time. If setback variances are determined necessary at a later date we request to go through the normal City process at that time.

Offer A: \$160,000.00 (TIF required at an amount TBD); or

OR

Offer B: \$60,000.00 No or very limited TIF required.

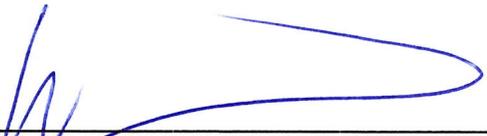
Attached Exhibits:

Exhibit 1: Developer Projects on SAME Lake Minnetonka LRT Regional Trail

Exhibit 2: Developer Background & Proposed Team

Let me know if you have any questions.

Sincerely,



William J. Stoddard CEO

File: Hopkins RFP

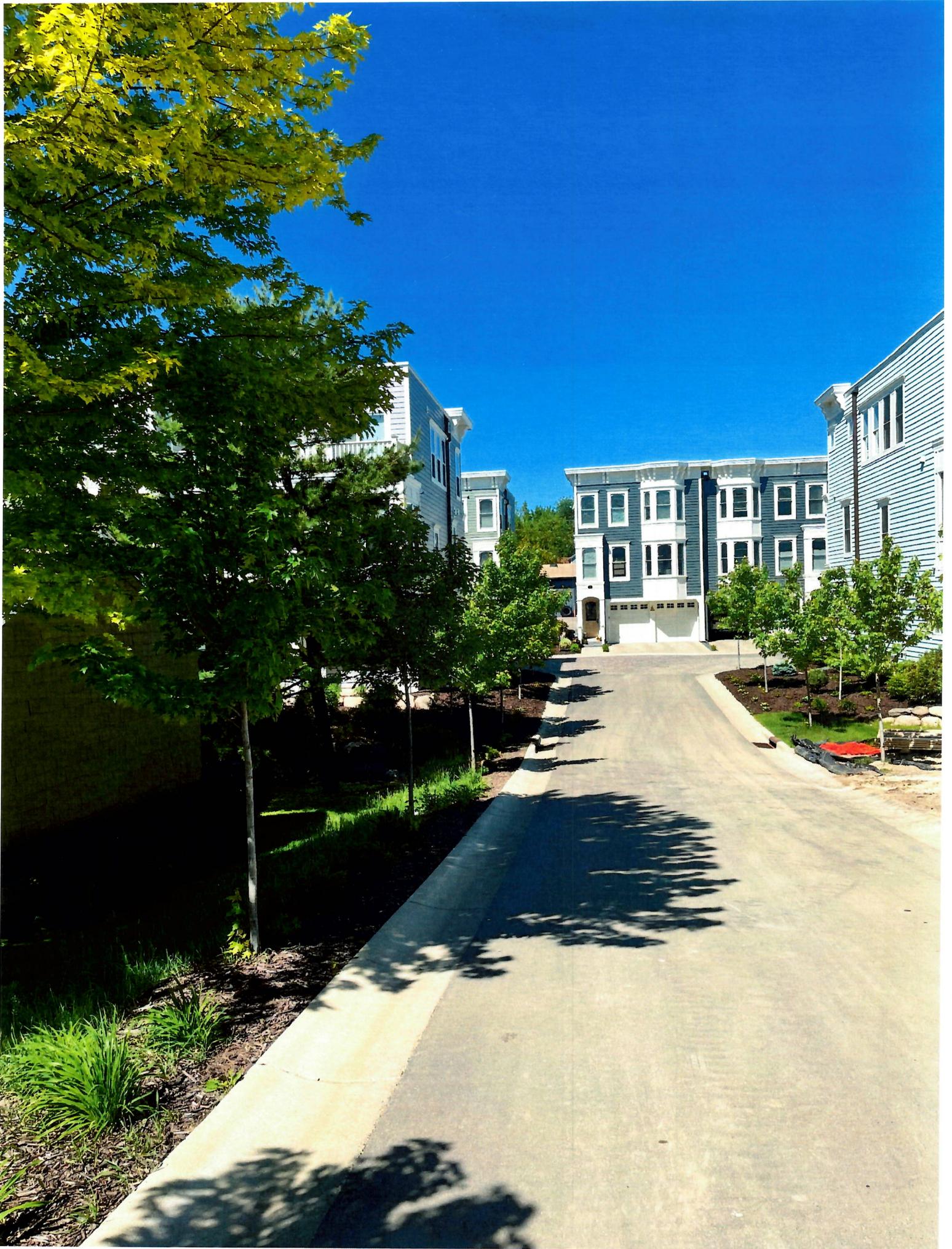
Exhibits
Hopkins Lot #800) RFP Response
Stoddard Companies, William J. Stoddard

EXHIBIT No 1 : Similar Excelsior Projects

**Items Attached: Renderings and Recent Photo's of two Developer
Completed Projects in Excelsior, MN on the SAME
Lake Minnetonka LRT Regional Trail**











THE VILLAS AT EXCELSIOR VILLAGE GENERAL-FINAL SITE PLAN

HENNEPIN COUNTY REGIONAL RAILROAD AUTHORITY

NOTE: REAR 4 FEET OF PROPOSED BUILDINGS ARE TO BE EITHER DECK OR PORCH

BLACKTOP TRAIL

EXISTING HOUSE #325

EXISTING GARAGE

EXISTING HOUSE #331

EXISTING HOUSE #325

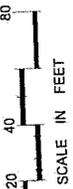
EXISTING HOUSE #331

GRONBERG & ASSOCIATES, INC.
CIVIL ENGINEERS, LAND SURVEYORS, LAND PLANNERS
445 N. WILLOW DRIVE LONG LAKE, MN 55356
PHONE: 952-473-4141 FAX: 952-473-4435



DATE: 12-1-14
DRAWN: [Signature]
CHECKED: [Signature]
DESIGNED: [Signature]
PROJECT: [Signature]
SCALE: AS SHOWN
SHEET: 1 OF 1

NO.	DATE	REVISIONS
1	12-1-14	ISSUED FOR PERMIT
2	12-1-14	REVISED PER COMMENTS
3	12-1-14	REVISED PER COMMENTS
4	12-1-14	REVISED PER COMMENTS
5	12-1-14	REVISED PER COMMENTS
6	12-1-14	REVISED PER COMMENTS
7	12-1-14	REVISED PER COMMENTS
8	12-1-14	REVISED PER COMMENTS
9	12-1-14	REVISED PER COMMENTS
10	12-1-14	REVISED PER COMMENTS
11	12-1-14	REVISED PER COMMENTS
12	12-1-14	REVISED PER COMMENTS
13	12-1-14	REVISED PER COMMENTS
14	12-1-14	REVISED PER COMMENTS
15	12-1-14	REVISED PER COMMENTS
16	12-1-14	REVISED PER COMMENTS
17	12-1-14	REVISED PER COMMENTS
18	12-1-14	REVISED PER COMMENTS
19	12-1-14	REVISED PER COMMENTS
20	12-1-14	REVISED PER COMMENTS
21	12-1-14	REVISED PER COMMENTS
22	12-1-14	REVISED PER COMMENTS
23	12-1-14	REVISED PER COMMENTS
24	12-1-14	REVISED PER COMMENTS
25	12-1-14	REVISED PER COMMENTS
26	12-1-14	REVISED PER COMMENTS
27	12-1-14	REVISED PER COMMENTS
28	12-1-14	REVISED PER COMMENTS
29	12-1-14	REVISED PER COMMENTS
30	12-1-14	REVISED PER COMMENTS
31	12-1-14	REVISED PER COMMENTS
32	12-1-14	REVISED PER COMMENTS
33	12-1-14	REVISED PER COMMENTS
34	12-1-14	REVISED PER COMMENTS
35	12-1-14	REVISED PER COMMENTS
36	12-1-14	REVISED PER COMMENTS
37	12-1-14	REVISED PER COMMENTS
38	12-1-14	REVISED PER COMMENTS
39	12-1-14	REVISED PER COMMENTS
40	12-1-14	REVISED PER COMMENTS
41	12-1-14	REVISED PER COMMENTS
42	12-1-14	REVISED PER COMMENTS
43	12-1-14	REVISED PER COMMENTS
44	12-1-14	REVISED PER COMMENTS
45	12-1-14	REVISED PER COMMENTS
46	12-1-14	REVISED PER COMMENTS
47	12-1-14	REVISED PER COMMENTS
48	12-1-14	REVISED PER COMMENTS
49	12-1-14	REVISED PER COMMENTS
50	12-1-14	REVISED PER COMMENTS
51	12-1-14	REVISED PER COMMENTS
52	12-1-14	REVISED PER COMMENTS
53	12-1-14	REVISED PER COMMENTS
54	12-1-14	REVISED PER COMMENTS
55	12-1-14	REVISED PER COMMENTS
56	12-1-14	REVISED PER COMMENTS
57	12-1-14	REVISED PER COMMENTS
58	12-1-14	REVISED PER COMMENTS
59	12-1-14	REVISED PER COMMENTS
60	12-1-14	REVISED PER COMMENTS
61	12-1-14	REVISED PER COMMENTS
62	12-1-14	REVISED PER COMMENTS
63	12-1-14	REVISED PER COMMENTS
64	12-1-14	REVISED PER COMMENTS
65	12-1-14	REVISED PER COMMENTS
66	12-1-14	REVISED PER COMMENTS
67	12-1-14	REVISED PER COMMENTS
68	12-1-14	REVISED PER COMMENTS
69	12-1-14	REVISED PER COMMENTS
70	12-1-14	REVISED PER COMMENTS
71	12-1-14	REVISED PER COMMENTS
72	12-1-14	REVISED PER COMMENTS
73	12-1-14	REVISED PER COMMENTS
74	12-1-14	REVISED PER COMMENTS
75	12-1-14	REVISED PER COMMENTS
76	12-1-14	REVISED PER COMMENTS
77	12-1-14	REVISED PER COMMENTS
78	12-1-14	REVISED PER COMMENTS
79	12-1-14	REVISED PER COMMENTS
80	12-1-14	REVISED PER COMMENTS
81	12-1-14	REVISED PER COMMENTS
82	12-1-14	REVISED PER COMMENTS
83	12-1-14	REVISED PER COMMENTS
84	12-1-14	REVISED PER COMMENTS
85	12-1-14	REVISED PER COMMENTS
86	12-1-14	REVISED PER COMMENTS
87	12-1-14	REVISED PER COMMENTS
88	12-1-14	REVISED PER COMMENTS
89	12-1-14	REVISED PER COMMENTS
90	12-1-14	REVISED PER COMMENTS
91	12-1-14	REVISED PER COMMENTS
92	12-1-14	REVISED PER COMMENTS
93	12-1-14	REVISED PER COMMENTS
94	12-1-14	REVISED PER COMMENTS
95	12-1-14	REVISED PER COMMENTS
96	12-1-14	REVISED PER COMMENTS
97	12-1-14	REVISED PER COMMENTS
98	12-1-14	REVISED PER COMMENTS
99	12-1-14	REVISED PER COMMENTS
100	12-1-14	REVISED PER COMMENTS



SCALE IN FEET



Exhibits
Hopkins Lot #800) RFP Response
Stoddard Companies, William J. Stoddard

EXHIBIT No 2 : **Developer Team & Background of William Stoddard
& His Related Projects**

Items Attached: **Brief Resume, Related Project List & Proposed
Development Team**

Developer Background of William Stoddard & His Related Projects

William J. Stoddard, the CEO of SH Ventures, Inc. d/b/a Stoddard Companies is proposing re-developing the 102 10th Avenue North site into market-rate townhomes in beautiful, quaint Hopkins. Mr. Stoddard, owner and CEO of SH Ventures since 1999 has previously received municipal approvals and developed numerous properties ranging from townhome to senior living communities, residential subdivisions, apartments and more including:

<u>Development/Subdivision</u>	<u>Location</u>	<u>Area/Lots-Units</u>
Villas @ Excelsior Village	Excelsior, MN	1.5 ac/18 Villas
Excelsior Promenade	Excelsior, MN	1 ac/10 RowHouses
511 Second Street Place	Excelsior, MN	9,000 sf./4 units
Platia Place	St. Louis Park, MN	3.1 ac/233 units
HELLO. Apartments	Golden Valley, MN	2.6 ac/172Units
Groveland Pond	Minnetonka, MN	5.5 ac/17 Lots
Yacht Club Bay	Mound, MN (Lake Minnetonka)	1 ac/3 Lots
Crystal Beach	Stuart, FL (Atlantic Ocean)	13 ac/7 Lots
South Shore Estates	La Pointe, WI (Madeline Island)	40 ac/12 Lots
Big Bay Road	La Pointe, WI (Madeline Island)	16 ac/4 Lots
Sewalls Point	Sewalls Point, FL	1 ac/3 Lots
Paradise Care Cottage	Port St. Lucie, FL	2 ac/60 Units/86 Beds
PCC @ St. Lucie West	St. Lucie West, FL	3 ac/92 Units/132 Beds
PC Villas @ St. Lucie West	St. Lucie West, FL	8 ac/66 Units
The Villas at Shorewood	Shorewood, MN	7.1 ac/14 Lots
Prior Lakes Estates	Prior Lakes, MN	28 ac/61 Lots
Numerous Others	Numerous	Varies

Mr. Stoddard received his Bachelor's degree in Building Construction Management from the University of Wisconsin-Platteville in 1979, and his MBA from the University of St. Thomas in Mpls/St. Paul. Stoddard currently develops property and also developed and operated senior living communities in southern Florida which he sold after numerous years more recently.

Mr. Stoddard was on the Orono, MN Planning Commission for over six years, and cut his teeth in the consulting and engineering field after graduating college before he founded and built Summit EnviroSolutions, Inc. into an "Inc. 500" company prior to selling. His previous work experience was at Twin City Testing & Engineering, Inc. where he rose to Division VP, and at Delta Environmental, Inc. as VP of Marketing & Business Development prior to founding Summit. Since 1997 Stoddard has focused exclusively on developing properties specializing in residential from senior living communities to townhomes and luxury apartment buildings incorporating a host of amenities including clubhouses, business centers, salons, exercise rooms, activity centers, swimming pools and more.

The following team members may be involved with this Hopkins Residential Development:

Developer: Mr. Stoddard of Stoddard Companies will be coordinating the team and be the point person for all project entitlements and likely construction services including the City of Hopkins Planning & Zoning Department and other governmental organizations. **Stoddard has received approvals for close to 1000 of residential units so far!**

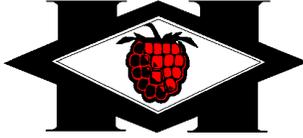
Architect: TBD however Tim Whitten of Whitten Associates, Inc., ESG Architecture and DFP Planning & Design all have recently designed projects for Stoddard and one will likely be the designer for concept elevations and renderings for our proposed residential development.

Civil Engineering/Surveyor: We will select the civil engineer once a PA is signed and move to the “confidential to professional consultant” segment of this development. We will likely use either the Gronberg & Associates team who provided all civil engineering, planning and surveying for numerous Excelsior Promenade and Villas at Excelsior Village projects, or Anderson Engineering, a larger engineering firm also providing landscape architecture design and who provided Stoddard services for his recent Shorewood Villas project.

General Contractor: Stoddard has engaged a number of contractors for his Excelsior related projects most recently Gonyea Homes for 14 of the 18 Villas at Excelsior Village and who could likely be a contractor desirous of working with Stoddard on this development. Stoddard usually directly hires and is engaged in day-to-day construction & sales & building related issues, and he sometimes passes those roles directly to the builder, however Stoddard stays involved after all the entitlements & permits are in place with landscaping through final development-Certificate of Occupancy (CO's), satisfaction of City Letter of Credits and more.

Accounting Services/Finance Consulting: Stacy Rubsam, CPA, JD, Principal of CliftonLarsonAllen LLP has provided accounting and tax services for Mr. Stoddard's developments and entities for over 25 years and will continue as required for this Excelsior development.

Financer: Financing for the land purchase is not a big deal. A local bank, Bridgewater Bank (BWB) who financed some of Stoddard's recent projects will be very happy to be a part of this project if we desire based on previous track records with them and their desires of financing Stoddard's Excelsior related projects including the Excelsior Promenade project which sold-out during pre-construction and his recent Villas at Excelsior Village built by Gonyea Homes which sold out prior to finishing construction.



Finance Department

CITY OF HOPKINS

Memorandum

To: Honorable Mayor and Council Members
Mike Mornson, City Manager

From: Nick Bishop, Finance Director

Date: June 14, 2022

Subject: Financial Management Plan

PURPOSE

The presentation will be broken down into two parts. The first part is informational. It will describe our Financial Management Plan (FMP) and how it has been used. The second portion will give an overview of preliminary financial projections for the 2023-2027 timeframe. We are seeking input to work towards a final version of the plan that will help guide future budgets. In the past, the FMP has been updated annually.

INFORMATION

Financial Management Plan

Traditionally cities have taken a short term view for financing city operations. The one year budget is still the norm for most cities. Hopkins began to use long term planning for large expenditures such as construction projects and large pieces of equipment in the 1980s. One year operating budgets were used by the City through 2014.

Beginning with the 2015 Budget, the City decided to take a long term view of financing its operations through the use of a Financial Management Plan (FMP). The FMP is a multi-year fiscal plan for all tax-supported funds. It integrates existing debt, Capital Improvement Plans, Equipment Replacement Plans, future debt, tax base growth and future operating expenses. The FMP is used to level out expenditures and bond costs to smooth tax increases, ensure funding is available to carry out the City's vision and as a tool to better understand effects of budget decisions.

2023 Projections

Based on available information, the preliminary tax levy for 2023 would be approximately \$19.25 million. This represents a 6.10% increase from the 2022 levy. The levy includes amounts for the general fund, Arts Center, Pavilion, equipment replacement, permanent improvements and debt repayments.

The major considerations related to the estimate for the 2023 FMP are:

- Increase to general fund expenditures of 5%. This is to account for COLA increases in settled and unsettled union contracts, step increases, increased health care costs and other inflationary increases.
- The addition of 1.0 FTE for a Fire Command Staff employee.
- The capital improvement projects scheduled in the 2022-2026 CIP at the Activity Center & 907 Mainstreet building will be delayed or paid out of an alternate funding source. (The 2021 general fund surplus would be an appropriate source.)

Taxes for a median value home are projected to increase from \$2,003 to \$2,271 or a \$268 increase.

2024-2027 Projections

During the spring of 2022 the FMP and staffing needs were reviewed internally. The original request for staffing increases totaled 22.5 new full time employees being added from 2023-2027. Requested fulltime firefighters were removed from the FMP. Staff is also proposing using a portion of the general fund surplus for a staffing study to evaluate transitioning to a fulltime fire department. The current version of the FMP includes 12.5 full time employees over the same time period. Two of these positions were funded through ARPA allocations until 2025 and one position will be funded through increased revenue for building inspections. A more detailed overview will be provided during the June 14th meeting.

FUTURE ACTION

Further Budget, CIP and ERP discussion are planned at the July 12th and August 10th Work Sessions. A more detailed Budget Preparation Schedule is attached.

City of Hopkins
2023 Budget Preparation Schedule for City Council

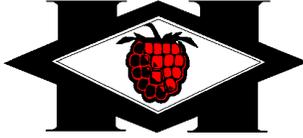
The following table outlines the **tentative** schedule for discussions on important aspects of the City’s Budget and American Rescue Plan Act (ARPA) Spending Plan.

Meeting Date	Meeting Type	Subject	Details	
April-July	N/A	Internal Preparations	-2021 Audit Ongoing -Departments Prepare Budgets, Equipment Replacement and Capital Improvement Schedules	
July 12	Work Session	Review 2023 Tax Levy and General Fund Budget	-First Draft	
August 10	Work Session	Review Capital Improvement Plan (CIP) and Equipment Replacement Plan (ERP)	-Equipment Replacement Fund -Park Improvement -Capital Improvement	
August 15	Community Event	Review 2023 Tax Levy and General Fund Budget	-Presentation -Question and Answer Session	
September 6	Regular Meeting	-Approve Preliminary Tax Levy and General Fund Budget -Approve CIP and ERP	-Preliminary Levy must be approved by September 30	-Permanent Improvement Revolving Fund (Street Projects)
October 11	Work Session	Review, Special Revenue Fund Budgets, Enterprise Fund Budgets, Activity Center Budget and Utility Rates	-Water -Storm Sewer -Pavilion -Chemical Assessment -Economic Development -Activity Center	-Sewer -Refuse -Communications -Parking -Depot -Arts Center

June 14, 2022

City of Hopkins
2023 Budget Preparation Schedule for City Council

Meeting Date	Meeting Type	Subject	Details
November 1	Regular Meeting	Approve Utility Rates	
November 30	Regular Meeting (Wednesday)	Truth in Taxation Hearing	-Overview of 2023 Budget and Tax Levy -Public Comment
December 6	Regular Meeting	Approve Final Budget & Tax Levy	-Final Levy must be approved by December 28



Finance Department

CITY OF HOPKINS

Memorandum

To: Honorable Mayor and Council Members
Mike Mornson, City Manager

From: Nick Bishop, Finance Director

Date: June 14, 2022

Subject: Tax Increment Financing (TIF) Overview

PURPOSE

To give a brief overview of the City's TIF districts.

INFORMATION

TIF is a tool cities use to further their development goals. Hopkins has used TIF to facilitate key redevelopment projects that have had meaningful impacts on the City. Currently the City has 4 active TIF districts and 1 pending TIF district.

- TIF 1-2 Entertainment District
 - Redevelopment of Suburban Chevrolet into movie theater, performing arts center, restaurant, office and retail space
- TIF 1-4 Market Place and Main
 - Redevelopment of Collision Center into 53-unit market rate apartments, 7 townhomes and retail space
- TIF 1-5 The Moline
 - Redevelopment of Johnson Building into 241-unit market rate apartments
- TIF 2-11 Supervalu Excelsior Crossing
 - Redevelopment of former SuperValu complex into 800,000 sq/ft of corporate office space
- TIF 1-6 325 Blake (Pending)
 - Redevelopment of 325 Blake Road Site into approximately 600 apartments, 125 senior cooperative units, 50 townhomes and 23,500 sq/ft of commercial space.
 - The District was approved by City Council on August 17, 2021. It is anticipated the District will collect its first tax increment in 2024.

The use of TIF in these districts has created significant increases to their original market value. The table shows that the total market value in these districts has increased by over 1,400%.

District	Original Market Value	Pay 2021 Market Value	Percent Increase in Value
TIF 1-2	\$451,800	\$2,594,000	474.15%
TIF 1-4	\$1,817,000	\$17,334,000	1,216.57%
TIF 1-5	\$2,497,000	\$61,090,000	2,346.54%
TIF 2-11	\$12,784,200	\$168,313,000	1,216.57%
Total	\$17,550,000	\$170,907,000	1,420.69%

The 4 active districts are projected to be decertified over the next eight years. When decertified, the value will return to the tax rolls for general taxing purposes in the following year. Amounts are based on 2021 valuations. The impact of TIF 1-2 Entertainment district could be significantly higher if the Theater site is redeveloped. The estimated additional tax levy available in the table below represents the amount taxes could be increased while maintaining a stable tax rate.

District	Certification Date	Projected Decertification	Tax Year	Estimated Additional Tax Levy Available
TIF 1-2	7/25/1995	12/31/2023	2024	\$28,934
TIF 1-4	6/5/2006	12/31/2027	2028	\$483,941
TIF 1-5	7/7/2016	12/31/2026	2027	\$125,720
TIF 2-11	4/5/1999	12/31/2029	2030	\$1,384,843

The June 14th work session will also include an overview and summary of the City's Financial Management Plan (FMP). All estimates for timing of TIF decertifications and their tax impacts are included in the FMP.

City of Hopkins Policy 7-C: Tax Increment and Tax Abatement is attached for your information. The policy includes the criteria that would be used to evaluation proposals for TIF or abatement assistance. Some of the criteria used are subjective in nature, the final decisions on TIF are made by City Council.

FUTURE ACTION

No future action is required.

POLICY 7-C
TAX INCREMENT AND TAX ABATEMENT POLICY

1. PURPOSE

- 1.01 The purpose of this policy is to establish the City's position as relates to the use of Tax Increment Financing (TIF) or Tax Abatement (Abatement) for private development. This policy shall be used as a guide in processing and reviewing applications requesting TIF or Abatement assistance.
- 1.02 The City shall have the option of amending or waiving sections of this policy when determined necessary or appropriate.

2. STATUTORY LIMITATIONS

- 2.01 Requests must comply with Minnesota Statutes 469.174-469.1791, the Minnesota Tax Increment Financing Act. Tax Abatement requests must comply with Minnesota Statutes 469.1812-469.1815.

3. ELIGIBLE USES

- 3.01 As a matter of adopted policy, the City of Hopkins will consider using TIF or Abatement to assist private developments only in those circumstances in which the proposed private projects meet one or more of the following uses.
- A. To redevelop blighted or underutilized areas of the community.
 - B. To meet the following housing-related uses.
 - 1. To provide a diversity of housing adjacent to the Hopkins downtown area.
 - 2. To provide a variety of housing ownership alternatives and housing choices.
 - 3. To promote affordable housing for low or moderate income individuals.
 - 4. To promote neighborhood stabilization and revitalization by the removal of blight and the upgrading in existing housing stock in residential areas.
 - C. To remove blight and encourage redevelopment in the commercial and industrial areas of the City in order to encourage high levels of property maintenance and private reinvestment in those areas.
 - D. To increase the tax base of the City in order to ensure the long-term ability of the City to provide adequate services for its residents while lessening the reliance on residential property tax.
 - E. To retain local jobs, increase the local job base, and provide diversity in that job base.
 - F. To increase the local business and industrial market potential of the City of Hopkins.
 - G. To provide adequate short-term business and shopper parking and resident parking.
 - H. To encourage additional unsubsidized private development in the area, either directly or through secondary "spin-off" development.

- I. To offset increased costs of redevelopment over and above those costs that a developer would incur in normal urban and suburban development.
- J. To accelerate the development process and achieve development on sites which would not be developed without this assistance.
- K. To meet other uses of public policy, as adopted by the Council from time to time, including promotion of quality urban design, quality architectural design, energy conservation, decreasing the capital and operating costs of local government, etc.
- L. Finance or provide public infrastructure as part of a development/redevelopment project.
- M. In addition to the above Abatement, may also be used to help provide access to services for residents.

4. PROJECT APPROVAL CRITERIA

- 4.01 All projects requesting TIF or Abatement assistance should meet the following minimum approval criteria. However, it should not be presumed that a project meeting these criteria will automatically be approved.
- A. The TIF or Abatement assistance shall be provided within applicable state legislative restrictions, debt limit guidelines, and other appropriate financial requirements and policies.
 - B. The project should meet one or more of the above eligible uses.
 - C. The project must be in accord with the Comprehensive Plan and Zoning Ordinances, or required changes to the Plan and Ordinances must be under active consideration by the City at the time of approval.
 - D. TIF or Abatement assistance will not be provided to projects that have the financial feasibility to proceed without public financial assistance. In effect, assistance will not be provided solely to broaden a developer's profit margins on a project. Prior to consideration of a TIF or Abatement assistance request, the City may undertake an independent underwriting of the project to help ensure that the request for assistance is valid.
 - E. Prior to approval of a TIF or Abatement application, the developer shall provide any required market and financial feasibility studies, appraisals, soil boring, information provided to private lenders for the project, and other information or data that the City or its financial consultants may require in order to proceed with an independent underwriting.
 - F. To ensure cash flows are adequate, projects receiving TIF or Abatement assistance should normally have a 1.2:1 debt service coverage ratio (a ratio of funds projected to be available to funds required for debt service).
 - G. The developer should provide adequate financial guarantees to ensure the repayment of the TIF or Abatement subsidy. These may include, but are not limited to: assessment agreements, letters of credit, etc.

- H. Any developer requesting TIF or Abatement assistance should be able to demonstrate past successful general development capability as well as specific capability in the type and size of development proposed.
- I. The developer should retain ownership of the project at least long enough to complete it, to stabilize its occupancy, to establish the project management, and to initiate repayment of TIF or Abatement.
- J. The level of TIF funding should be reduced to the lowest possible level by maximizing the use of private debt and equity financing first, and then using other funding sources or income producing vehicles that can be structured into the project financing, prior to using additional TIF or Abatement assistance funding.

5. EVALUATION CRITERIA

- 5.01 All projects will be evaluated on the following criteria for comparison with other proposed projects reviewed by the City, and for comparison with other subsidy standards (where appropriate). It is realized that changes in local markets and costs of construction and interest rates may cause changes in the amount of public assistance that a given project may require at any given time.
- 5.02 Some criteria, by their very nature, must remain subjective. However, wherever possible, benchmark criteria have been established for review purposes. The fact that a given proposal meets one or more benchmark criteria does not mean that it is entitled to funding under this policy, but rather that the City is in a position to proceed with evaluations of (and comparisons between) various TIF or Abatement proposals, using uniform standards whenever possible.
- 5.03 Following are the evaluation criteria that will be used by the City of Hopkins for proposals requesting TIF or Abatement assistance.
 - A. Proposals should optimize the private development potential of a site.
 - B. Proposals should obtain the highest possible private-to-public financial investment ratio. The Council establishes a benchmark ratio of three parts private to one part public funding for industrial projects. Housing and retail/commercial projects shall be reviewed on an individual basis.
 - C. Proposals should create the highest feasible number of new jobs on the site. Property shall meet the City of Hopkins Business Subsidy Criteria.
 - D. Proposals should create the highest possible ratio of property taxes paid before and after redevelopment. Given the different assessment circumstances in the City, this ratio will vary widely. However, under normal circumstances, the Council will expect at least a 1:2 ratio of taxes paid before and after redevelopment.
 - E. Proposals should normally not be used to support speculative industrial, commercial, and office projects. In general, speculative projects are defined as those projects which have letters of intent or pre-leasing for less than 50 percent of the space available for lease.

- F. Proposals will be reviewed to determine the feasibility to provide the City with equity participation in new developments (through a share of the profits), or to treat the TIF assistance as a second mortgage with fixed payments.
- G. Proposals involving displacement of low and moderate income residents should give specific attention to the re-housing needs of those residents. Adequate solutions to these re-housing needs will be required as a matter of public policy.
- H. Proposals will normally not be used in a project that involves an excessive land and/or property price. This will normally be where the acquisition price is more than 10 percent in excess of market value.
- I. TIF or Abatement will not be used when the developer's credentials, in the judgment of the City, are inadequate due to past track record relating to: completion of projects, general reputation and/or bankruptcy, or other problems or issues considered relevant by the City.
- J. A developer using TIF or Abatement will need to provide a financial guarantee for the repayment of the assistance within the constraints of existing tax law.
- K. TIF or Abatement will not be used to support projects that place demands on City services, or other capital or operating expenditures, that exceed the average City expenditures for similar facilities. Consideration will be given to the total public costs that are required to support the project, including off-site facilities costs that are required.
- L. TIF or Abatement will not normally be used for projects that would generate significant environmental problems in the opinion of the local, state, or federal governments.
- M. TIF or Abatement will not be used when the schedule for development has exceeded the schedule established in the redevelopment agreement, and where the City has not agreed to extensions of that schedule.
- N. TIF or Abatement funding should not be provided to those projects that fail to meet good public policy criteria as determined by the Council, including: poor project quality; projects that are not in accord with the Comprehensive Plan, zoning, redevelopment plans, and City policies; projects that provide no significant improvement to surrounding land uses, the neighborhood, and/or the City; projects that do not provide a significant increase in tax base; projects that do not have significant new, or retained, employment; projects that do not meet financial feasibility criteria established by the City; and projects that do not provide the highest and best desired use for the property.

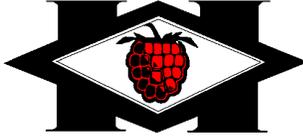
5.04 Additional Criteria--TIF

- A. All TIF projects will need to meet the "but for" test. TIF will not be used unless the need for the City's economic participation is sufficient that without that assistance the project could not proceed in the manner as proposed.
- B. TIF will not be used in projects that would give a significant competitive financial advantage over similar projects in the area due to the use of tax increment subsidies.

5.05 Additional Criteria--Abatement

- A. Abatement shall not be used on parcels of property located in TIF districts.
- B. The Abatement of taxes shall be used only for new taxes generated from the project.
- C. Requests for Abatement shall be used only for large-scale development or redevelopment projects.

Established 8/16/88
Revised 6/20/2000
City of Hopkins



Finance Department

CITY OF HOPKINS

Memorandum

To: Honorable Mayor and Council Members
Mike Mornson, City Manager

From: Nick Bishop, Finance Director

Date: June 14, 2022

Subject: Fund Balance Discussion

PURPOSE

On March 15, City Council reviewed the preliminary/unaudited operating results for 2021. At that time, the City's unassigned fund balance was projected to exceed the amount required in the fund balance policy by approximately \$1.35 million. City Council had indicated that they would like to have additional discussions on the surplus amount and potential uses. Staff is looking for direction from City Council regarding a fund balance surplus.

INFORMATION

The City's fund balance policy states: "At the end of each fiscal year, the City will strive to maintain Spendable – Unassigned portions of the fund balance for Cash Flow equivalent to a minimum of five (5) months or 42% of the prior fiscal year General Fund operating expenditures." The purpose of maintaining this level of fund balance is for cash flow needs, emergencies or contingencies. Policy 6-G: Fund Balance is attached for your information.

The audit is nearing completion, no changes are anticipated for the following operating results in 2021. The City's General Fund revenues exceeded budget by \$320,578 or 2.04%. General Fund expenditures were \$835,780 or 5.31%% less than budget. The fund balance increased by \$1,156,367. The main factors for the increase in fund balance are:

- Approximately \$400,000 of savings for salary and benefits due to open positions that were not immediately filled due to hiring challenges, suspended operations due to COVID-19 or eliminating or combining positions during 2021. Eliminated and combined positions will result in future savings and reductions to budgeted amounts.

- A reduction of the City's paid leave accrual of approximately \$400,000. This is a result of a COVID-19 leave benefit expiring and increased use of paid time off by employees due to eased travel restrictions from the pandemic in 2021.
- Increased revenue of approximately \$300,000 due to an increased inspections revenue compared to budget and the private activity bond fee from Trellis Co. for the Burnes Building.

At the end of 2021, the unassigned fund balance in the general fund was \$7,989,399 or 53.6% of general fund expenditures. The fund balance exceeds policy by \$1,725,075. The policy is comparing fund balance to prior year expenditures and part of the reason for the surplus is much lower than expected expenditures. When compared to the 2022 Budget, the surplus over 42% is \$1,196,479.

Each year, the City Council adopts a balanced budget in the General Fund with no planned increase or decrease to fund balance. The City has experienced significant increases to the fund balance in both 2020 and 2021. With a large portion of the increases being related in some way to the COVID-19 pandemic. Some examples are grants received, deliberate spending freezes and positions being left open, eliminated or combined. In the five years preceding the pandemic (2015-2019) the City's fund balance increased by an average of \$70,000 per year or less than one percent of budgeted expenditures.

There are three main options for what to do with the surplus. A more detailed overview will be provided during the June 14th meeting.

1. Maintain for cashflow, contingencies or emergencies. The amount will remain a part of the City's fund balance going forward. There is no need or requirement to make a decision or spend down the amount.
2. Use for an already existing request. The currently adopted 2022-2026 Capital Improvement Plan and Equipment Replacement Plan have scheduled projects or equipment purchases in 2023. Using the fund balance for these purposes could help to reduce the tax levy in 2023 without delaying spending.
3. Use for a new project or initiative. Potential uses are a Fire Department Staffing Study or capital or equipment needs not currently included in the CIP or ERP.

FUTURE ACTION

None at this time. Additional discussion or approvals could be needed based on Council's direction.

**POLICY 6-G
FUND BALANCE POLICY**

1. BACKGROUND

- 1.01 In February 2009, the Governmental Accounting Standards Board (GASB) issued GASB #54 Fund Balance Reporting and Governmental Fund Type Definitions. The statement substantially changes how fund balances are categorized. It clarifies/modifies how some of the governmental funds are presented and classified.
- 1.02 This policy will provide a cross reference between the Pre-GASB #54 Fund Balance Classifications and the Post-GASB #54 Fund Balance Classifications.

2. FUND BALANCE CLASSIFICATIONS: CURRENT AND GASB #54

- 2.01 Pre-GASB #54 Classifications of Fund Balance
- 2.02 Post-GASB #54 Classifications of Fund Balance

<i>Reserved</i> Non-spendable	<i>Not available for appropriation</i> Not available for spending, either now or in the future, because of the form of the asset (e.g., inventories) or a permanent legal restriction	
<i>Designated</i> Restricted	<i>Available for appropriation but intended for a specific use.</i> Constraints on spending that are legally enforceable by outside parties. (e.g., debt retirement)	
Unrestricted	<i>Designated</i> Committed	<i>Not available for appropriation.</i> Constraints on spending that the government imposes upon itself by highest-level formal action prior to the close of the period.
	<i>Undesignated</i> Assigned	<i>Available for appropriation.</i> Resources intended for spending for a purpose set by the governing body itself or by some person or body delegated to exercise such authority in accordance with policy established by the board.
	Unassigned	Residual (general fund only)

3. PURPOSE

To provide a stable financial environment for the City of Hopkins's operations that allows the City to provide quality services to its residents in a fiscally responsible manner designed to keep services and taxes as consistent as possible over time. This fund balance policy is meant to serve as the framework upon which consistent operations may be built and sustained.

4. DEFINITIONS AND POLICIES

4.01 Fund Balance

Fund Balance is the difference between assets and liabilities in governmental funds (i.e. general fund, special revenue funds, capital project funds, debt service funds and permanent funds).

4.02 Non-spendable Fund Balance

Describes the amount of a fund balance that cannot be spent because it is either not in spendable form or there is a legal or contractual requirement for the funds to remain intact.

Policy -

At the end of each fiscal year, the City will report the portion of the fund balance that is not in spendable form as Non-spendable Fund Balance on the financial statements (prepaid items, inventory, long-term receivables, etc).

4.03 Spendable Fund Balance (Overview) -

Describes the amount of fund balance that is available for appropriation based on the constraints that control how specific amounts can be spent. Typically, a significant portion of a government's spendable resources can be spent only for specified purposes. The following categories define the revenue source and the level of force of the constraint on spending.

Categories should be supported by actual plans approved by either the governing body, an appropriate officer, grant providers or enabling legislation.

A. Restricted Fund Balance

The restricted fund balance category includes the portion of the spendable fund balance that reflects constraints on spending because of legal restrictions stipulated by outside parties (e.g., encumbrances for goods or services with outside parties-creditors, grantors outstanding at the end of the year), Also, any legal restrictions based on state statutes or grant requirements placed on the use for specific purposes.

Policy -

At the end of each fiscal year, the City will report "restricted" fund balance for amounts that have applicable legal restrictions per GASB #54. In addition, encumbrances or funds restricted by enabling legislation will be reported as "restricted".

B. Committed Fund Balance

The committed fund balance classification includes the portion of the spendable fund balance that reflects constraints that the city has imposed upon itself by a formal action of the city council (for example, an ordinance or resolution passed by a city council). This constraint must be imposed prior to year end but the amount can be determined at a later date.

Policy -

Prior to the end of each fiscal year, the City Council will take action to commit resources for specific purposes, as necessary (these are nonspendable based on revised guidance).

C. Assigned Fund Balance

The assigned fund balance is the portion of the spendable fund balance that reflects funds intended to be used by the government for specific purposes assigned by more informal operational plans. In governmental funds other than the general fund (special revenue funds, capital project funds, debt service funds and permanent funds); assigned fund balance represents the amount that is not restricted or limited. The authority to “assign” fund balance is delegated to the City Finance Director.

Policy -

The assigned fund balance category will cover the portion of a fund balance that reflects the City’s intended use of the resources of governmental funds other than the General Fund. The action to assign a fund balance may be taken after the end of the fiscal year and cannot be negative.

D. Unassigned

This is the residual classification for the government’s General Fund and includes all spendable amounts not contained in the other classifications and, therefore, not subject to any constraints. Unassigned amounts are available for any purpose. These are the current resources available for which there are no government self-imposed limitations or set spending plan. Although there is generally no set spending plan for the unassigned portion, there is a need to maintain a certain funding level. Unassigned fund balance is commonly used for emergency expenditures not previously considered. In addition, the resources classified as unassigned can be used to cover expenditures for revenues not yet received.

Policy -

At the end of each fiscal year, the City will strive to maintain Spendable – Unassigned portions of the fund balance for Cash Flow equivalent to a minimum of five (5) months or 42% of the prior fiscal year General Fund operating expenditures. In addition to cash flow needs this accommodates emergency contingency concerns.

5. MONITORING AND REPORTING

- 5.01 The City Manager and Finance Director shall annually prepare the status of fund balances in relation to this policy and present to the City Council in conjunction with the development of the annual budget.

When both restricted and unrestricted resources are available for use, it is the City’s policy to first use restricted resources, and then use unrestricted resources as they are needed.

When committed, assigned or unassigned resources are available for use, it is the City’s policy to use resources in the following order; 1.) committed 2.) assigned and 3.) unassigned.

A negative residual amount may not be reported for restricted, committed, or assigned fund balances in the General fund.

Established 10/20/2009
Revised 12/20/2011
City of Hopkins