



**CITY OF NEWPORT
CITY COUNCIL WORKSHOP
NEWPORT CITY HALL**

June 3, 2021 – IMMEDIATELY FOLLOWING THE REGULAR COUNCIL MEETING

May Be Held Electronically From Remote Locations

Zoom Meeting Link <https://us02web.zoom.us/j/81555137620> Meeting ID: 815 5513 7620 PW: Newport

MAYOR: Laurie Elliott
COUNCIL: Kevin Chapdelaine
Tom Ingemann
Marvin Taylor
Rozlyn Johnson

City Administrator: Deb Hill
Supt. of Public Works: Bruce Hanson
Fire Chief: Steven Wiley
Asst. to the City Admin: Travis Brierley
Law Enforcement (WCSO): Bill Harrell

AGENDA

1. CALL TO ORDER
2. ROLL CALL
3. CITY LOGO
4. NEWPORT FIRE RELIEF ASSOCIATION
5. STREET ROWS
6. LIVING COMMUNITIES GRANT
7. FUTURE AGENDA ITEMS
8. ADJOURNMENT

Memorandum

Date: May 25, 2021
To: Newport City Council
From: Mayor Laurie Elliott
Re: Logo Update

BACKGROUND

For several months a Council subcommittee has been working with a design consultant to update our current City logo. The Council has provided feedback on the progress of the design at workshops on January 21, 2021 and April 15, 2021. We believe we are very close to the final version.

DISCUSSION

1) General Logo

The designer incorporated the suggestions from our April 15 meeting. In addition, she has provided two different versions of the outer logo ring. The darker navy ring is the standard and expected to be used most of the time. The light blue outer ring is if we have dark background (such as on clothing or a hat) with the idea that it would show better in these instances.

- The Council will need to decide if we want further modifications to this version or if this is the final design
- The Council will need to decide if they support having two versions of the outer ring color (navy, light blue) for different uses.

2) Business cards/envelopes/letterhead

The designer has provided two different color options for the blue on the business cards/envelopes/letterhead. One is the medium blue we originally saw, and the other is the darker navy blue.

- The Council will need to decide which version of the blue they prefer.

In addition, the designer will create a style guide for logo use to assure consistency throughout the City going forward. It will include the color pallet and numbers for print, website, clothing and other uses. It will also have a one-color version. Staff will be expected to follow these guidelines and not create color or design variations based on personal preference.



Laurie D. Elliott
Mayor

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Benefit Level Increase Request

Newport Firefighters Relief Association

Todd Tokar, President
City Council Workshop
May 20, 2021





Introductions

- ◆ Elected Officials
- ◆ City Staff
- ◆ Newport Firefighters Relief Association (FRA) Board
 - Todd Tokar, President
 - Chad Keller, Vice President
 - Luke Berthaume, Treasurer
 - Steve Lanz, Secretary
- ◆ Colleen Hartmon Bollom, Financial Advisor



Purpose of Meeting

- ◆ Propose \$4,700 benefit level effective Jul 1, 2021 for City Council approval
- ◆ Propose \$30,000 budgeted, annual municipal contributions to FRA
- ◆ Recommend structurally sound pension fund and City fiscal management

Paid On Call Fire Department Duties



- ◆ Firefighters must complete mandatory training
 - Firefighter I & II
 - Emergency Medical Responder (respond to medicals)
 - Hazard Materials Operations
 - MN Dept. of Health and OSHA training
- ◆ Fire Department (FD) trainings and meetings held every Tuesday throughout the year
- ◆ Annual firefighter continuing education
- ◆ Firefighters are “on call” 24 x 7
 - Carry pagers 365 days/year including nights, weekends and holidays
 - Respond to fire and ambulance calls at 3 AM or 30 degrees below zero!



Firefighter Pay and Benefits

COMPENSATION	
SCHEDULE	24 x 7 x 7 (on-call pager)
COMPENSATION	\$10 - \$14/hour
MANDATORY TRAININGS	1-2 Meeting/Month
OVERTIME PAY	None
PAID VACATION	None
HEALTH INSURANCE	None
FRA RETIREMENT BENEFIT	\$3,700/Year of Service



Purpose of Fire Relief Association (FRA)

- ◆ Pay one-time, lump-sum retirement benefit based on *vested* Years of Service
- ◆ Retain trained and experienced firefighters
 - Current Benefit Level/ YOS = \$3,700 (2017)
 - Requires 10 year of service for 60% vesting
 - $\$3,700 \times 10 \text{ YOS} = \$37,000 \times 60\% = \$22,200$
 - Requires 20 years of service for 100% vesting
 - $\$3,700 \times 20 \text{ YOS} = \$74,000 \times 100\% = \$74,000$
- ◆ Provide disability or death benefit



Fire Relief Association Governance

- ♦ “Municipality” appoints one elected official in addition to one elected or appointed city official
- ♦ Encourage better participation and communicate with the City
- ♦ MN Stat. § 424A.04 defines Board representation

Board of Trustees

- Firefighters (6)
 - *Elected by Members*
- Fire Chief, Ex-Officio
- Municipal Trustees (2)
 - *Appointed by City Council*



FRA Pension Contributions

- ◆ Pension Funds Investment Returns that are greater than 0.0%
- ◆ State Fire Aid (2% Money)
 - Fire Aid is based on net insurance premiums taxes
 - Newport FRA's amount of aid is smaller than surrounding communities based on it's ratio of population and market value to State Fire Aid total overall
 - MN Dept of Revenue calculates State Aid amounts annually
 - State Auditor must "certify" that a FD/FRA has complied with all financial reporting requirements for FRA to receive payment (MN Stat. § 6.495 and 6.72)
- ◆ Municipal Contributions
 - Budgeted (Voluntary) – Annual budgeted contribution
 - Required – Minimum pension contribution *required* to be paid by City to the FRA calculated each year using the State Auditor's Schedule I&II Form
 - Avoid unexpected City pension contributions to FRA caused by economic downturn or negative stock market returns



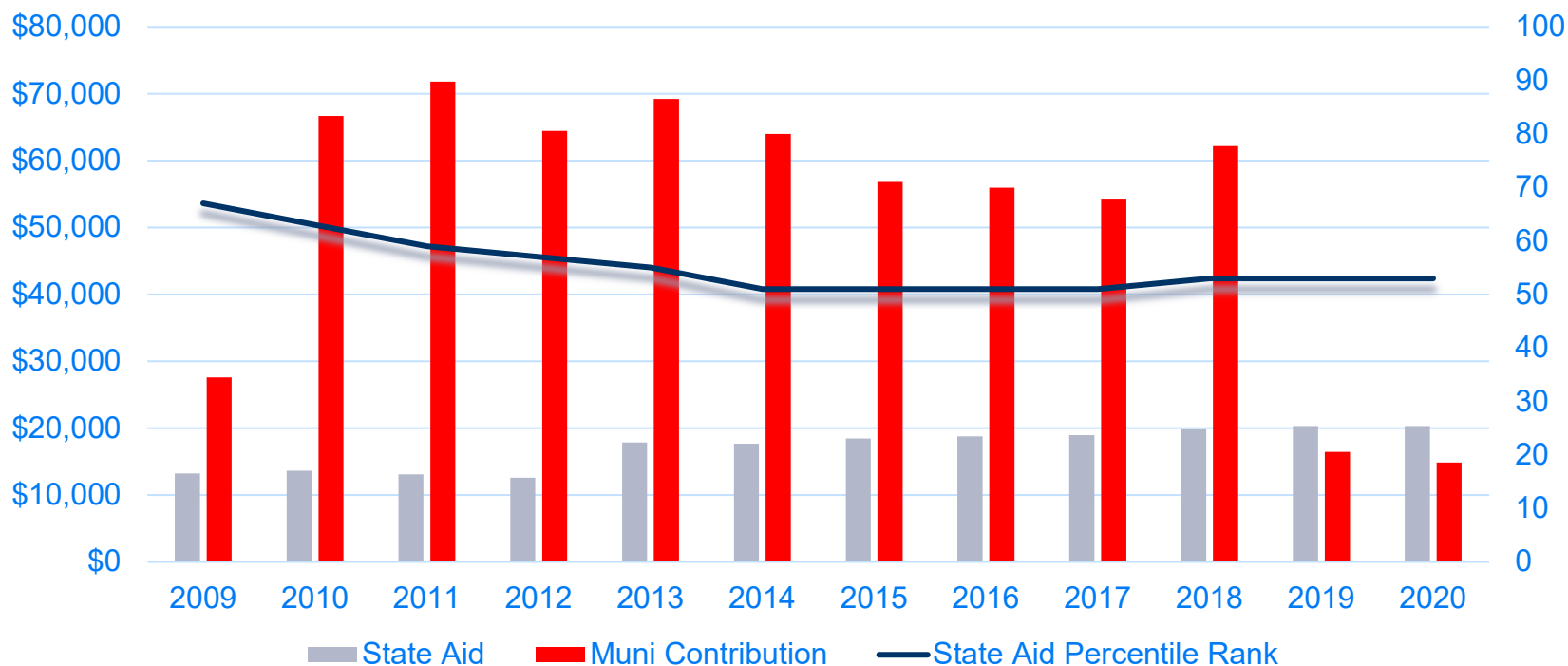
State Auditor Financial and Investment Report Table 2-A

- ◆ State Aid
 - Amount of Fire State Aid and Supplemental State Aid received during the year
- ◆ Municipal Contribution
 - Amount of Required or Budgeted (voluntary) contributions received during the year
- ◆ Percentile Rank
 - Rank relative to the other FRAs of the same benefit type. A rank of 0% is the lowest, 100% is the highest. A Fire State Aid rank of 53% means that Newport received an amount higher than 53% of FRAs statewide.



State Aid and Municipal Contribution History

Newport Firefighters Relief Association



Note: 2020 State Aid %-tile Rank is currently not available from State Auditor so illustration used 2019 %-tile Rank as a placeholder for 2020



Pension Plan Terminology

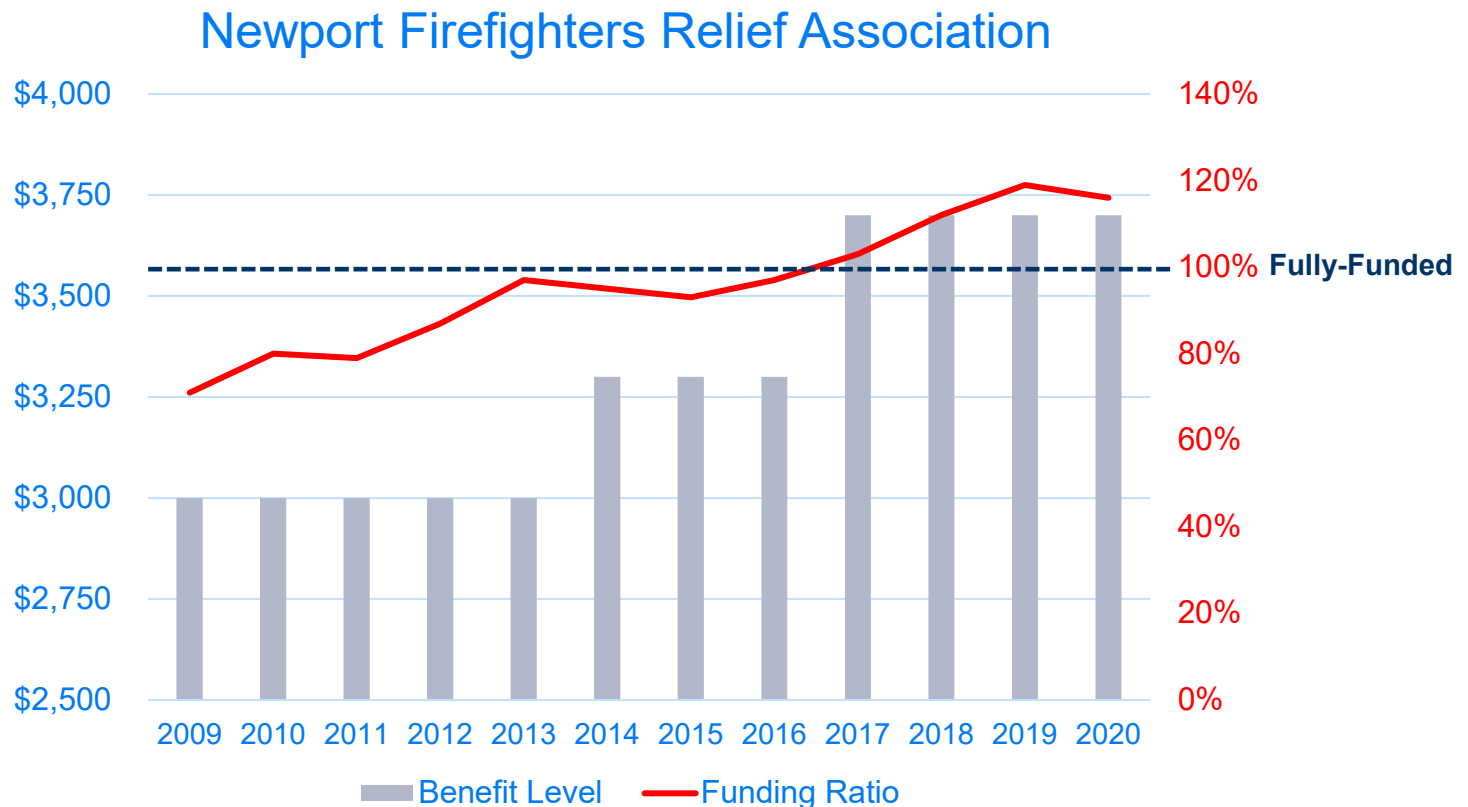
◆ Funding Ratio

- Overfunded means “Surplus”
- Underfunded means “Deficit”
- Fully-Funded = 100%
- Actual vs. Projected

$$\text{Funding Ratio \%} = \frac{\text{Net Assets}}{\text{Accrued Liability}}$$



Benefit Level and Funding Ratio History





MN State Statute

Two Benefit Increase Tests

1. Financial Projections (quasi-actuarial)

- ◆ Enter various benefit level amounts using Schedule I&II Form provided by the State Auditor
- ◆ Calculate pension liability at *Current* (CB) and *Proposed* (PB) benefit level amounts
- ◆ Verify [PB minus CB] < 90% of prior year's pension surplus, and PB does not result in a Required Municipal Contribution (MN Stat. § 424A.092, subd. 10)

2. Maximum Benefit Worksheet

- ◆ Verify PB is not greater than Maximum Benefit allowed based on non-investment contributions sources (State Aid, Municipal, Pension Surplus) (MN Stat. § 424A.02, subd. 3)



Benefit Level Increase Process

1. Determine the Maximum Allowable Benefit Level
2. Run Financial Projections (quasi-actuarial) using State Auditor's Schedule I&II Forms
3. Vote to approve of benefit level increase and amend FRA Bylaws by Board of Trustees
4. Request ratification of FRA benefit amount increase and annual budget contribution by City Council
5. Submit copy of FRA amended bylaws and meeting minutes documenting new benefit level and its effective date to State Auditor



FRA Board Proposal

- ◆ Eliminate Newport FRA structural deficit and ongoing Required Municipal Contribution “surprises” as determined each year by the State Auditor’s Schedule I&II Form
- ◆ Offer competitive retirement benefits as compared to surrounding Metro Area communities
- ◆ Supplement Newport’s State Aid pension contributions (ranked near 50%-tile statewide) with City budgeted, annual contribution of \$30,000/year
- ◆ Ratify an increase of the benefit lever from \$3,700 (2017) to \$4,700/Year of Service effective Jul 1, 2021
 - Test #1 - No (\$0) Required Municipal Contribution per SC-21
 - Test #2 - Increase average available financing/firefighter to allow for higher Maximum Allowable Benefit up to \$5,200



Summary

- ◆ Paid On Call Fire Departments are a cost-effective municipal service
- ◆ FRAs are necessary to retain trained and experienced Paid On Call firefighters
- ◆ Newport has small population and low property values (State Aid %-ile Rank) for city located in Twin Cities five county metropolitan area
- ◆ Newport needs to offer competitive benefits to recruit firefighters due to proximity of FDs in neighboring communities with higher FRA benefit level amounts
- ◆ FRAs have many “checks and balances” as defined by MN State Law, Municipal ratification and its Bylaws
- ◆ FRA benefits acknowledge the service of firefighters who commit to years of training and put their lives at risk to serve the citizens of Newport



Questions?

Email questions to Todd Tokar at tockar@comcast.net
and the FRA Board will attempt to answer them during
the City Council working group



MEMO

TO: Newport City Council

FROM: Deb Hill, City Administrator

DATE: May 20, 2021

SUBJECT: Fire Relief Annual Benefit

Background: The Newport Fire Relief Association is requesting that the City of Newport consider raising the annual benefit amount. The Association's current annual benefit is \$3700. They are requesting to raise the benefit to \$4700 – this equates to an increase of 27%. With this increase is a city contribution going from \$5396 per year to \$30,000. This equates to about a 1% levy increase. Presentation attached.

Discussion: Mayor Elliott requested staff put together comparisons from other communities. The investment summary for Newport, five other communities and some basic information with the State's PERA plan is attached. Also requested was a comparison for wages. Spreadsheet is attached.

Recommendation: Staff is looking for input from council on moving forward with this request.

:

2019 Fire Relief fund audit data

	Newport	Bayport	Carver	Chisago	Hugo	Lindstrom	Stillwater	PERA*
# of firefighters	20	26	31	21	27	26	31	
Annual Benefit	\$ 3,700	\$ 7,000	\$ 2,307	\$ 4,000	\$ 3,800	\$ 2,800	\$ 7,250	
City contribution	\$ 16,463	\$ 100	\$ -	\$ 10,000	\$ -	\$ 6,000	\$ -	
2019 Rate of Return	16.9%	19.1%	21.4%	24.3%	20.8%	18.6%	17.7%	
Funding Ratio	119%	133%	128%	127%	114%	119%	156%	
5 yr. Rate of Return	5.9%	6.3%	6.9%	8.6%	8.0%	6.4%	6.2%	6.8%
10 yr. Rate of Return	6.6%	7.9%	8.0%	9.4%	8.2%	7.4%	7.1%	7.6%
20 yr. Rate of Return	2.6%	4.6%	5.3%	5.9%	3.4%	4.3%	4.8%	
Net Assets	\$ 983,209	\$ 2,846,552	\$ 914,843	\$ 1,284,635	\$ 1,972,785	\$ 987,716	\$ 4,759,670	

The average rate of return for all relief associations for 2019 is 18.5%

The average annual benefit for relief associations for 2019 was \$2030. 30% of the associations were over \$2030.

*PERA for paid on call and volunteer departments began in 2009

Hourly Pay	Newport	Bayport	Carver	Chisago	Hugo***	Lindstrom	Stillwater
Fire Chief	\$ 14.00	\$ 14.63**	\$ 12.83	Volunteer	\$ 22.50	Volunteer	
Asst Chief	\$ 13.00	\$ 14.63**	\$ 12.83	Volunteer	\$ 22.50	Volunteer	
Captain	\$ 12.00	\$ 14.63**	\$ 12.83	Volunteer	\$ 20.40	Volunteer	\$ 17.75
Lieutenant				Volunteer	\$ 19.85	Volunteer	
Engineer	\$ 11.00	\$ 14.63**		Volunteer	\$ 19.85	Volunteer	\$ 14.50
FireFighter	\$ 10.00	\$ 14.63**	\$ 12.83	Volunteer	\$ 14.56	Volunteer	\$ 12.25
FireFighter 1 year exp.				Volunteer	\$ 18.66	Volunteer	\$ 13.25

Annual Stend	Newport	Bayport	Carver	Chisago	Hugo	Lindstrom	Stillwater
Fire Chief	\$ 3,500.00	\$ 6,736.80	\$ 8,400.00	\$ 1,500.00		\$ 1,645.00	
Asst./Fire Chief II	\$ 2,000.00	\$ 4,551.36	\$ 6,300.00	\$ 1,250.00		\$ 1,027.00	
Fire Chief III			\$ 2,400.00				
Captain		\$ 3,436.68	\$ 1,800.00	\$ 500.00		\$ 822.00	
Lieutenant						\$ 718.00	
FireFighter						****\$6,000/	

** Bayport calls are always rounded down above 1 hour, so 1.75 hours is paid at 1 hour or 2.25 hours is paid at 2 hours.

*** Hugo has longevity pay every 5 years provides \$.50 increase

**** Lindstrom has \$6,000 they divide at the end of the year for non-officer firefighters, so 20 regular firefighters would receive \$300 at the end of the



MEMO

TO: Newport City Council

FROM: Bruce Hanson, Superintendent of Public Works

DATE: June 3, 2021

SUBJECT: Right-Of-Ways

Background: The City has several excess, obsolete, and easements.

Discussion: Below is a list of ROWs for City Council discussion:

13th and Hastings
10th and Glen Rd
6th Street
12th Street
F.H. #2 (garden)
2nd Ave and 9th street
Barry Dr drainage
13th and 4th Ave
4th Ave and 2nd St
11th Ave
5th Ave between 14 and 15th

Recommendation: Staff recommends Council consider changing the ROWs for the areas listed.

:



MEMO

TO: Newport City Council

FROM: Deb Hill, City Administrator

DATE: May 20, 2021

SUBJECT: Living Communities Grants – 2021 - 2030

Background: Livable Communities Act (LCA) grants are awarded to participating communities in the seven-county metro area. Through four different grant programs, LCA grants help communities achieve development goals that create more housing choice, support living wage job creation, and connect jobs, housing, and regional amenities to create a more equitable region. The City of Newport has applied in the past for a transit-oriented grant.

Discussion: The Newport City Council will need to decide whether to participate and adopt affordable and life-cycle housing goals for the 2021-2030 decade. The goals set for Newport are based on forecasted growth and the City's share of 2021-2030 affordable housing need. The Met Council's methodology for the numbers are attached. The goals for Newport are:

Decade	Affordable Housing Goal	Life-cycle Housing Goal
2021-2030	43-78	247

By adopting the resolution, it gives Newport a tool to use if an opportunity arises that meets Newport's needs. There is not consequence or impact on participation if Newport does not meet the goals.

Recommendation: Staff recommends council approval of Resolution 2021-26 for participation of the Livable Communities Act.

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Attachment: 2021-2030 Affordable and Life-cycle Housing Goals Methodology

Months of cumulative outreach and discussion about how 2021-2030 affordable and life-cycle housing goals should be calculated (summarized at a [May 4 Communities Development Committee](#) meeting), has led to a methodology that is consistent and easy to understand. The selected methodology attempts to strike a reasonable, balanced approach that considers the variety of differing circumstances across communities. The 2021-2030 affordable housing goals will be a range to reflect the uncertainty and variety of local affordable housing development, and use a similar approach that 2011-2020 goals used.

How were 2011-2030 affordable housing goals calculated?

In 2009 and 2010 broad discussions were had about how to determine 2011-2020 affordable housing goals, including some of the same stakeholders - and even some of the same people! - that provided input for the coming decade's goals. In summary, an estimate of available funding for affordable housing was determined for the 2011-2020 decade and used to calculate what percent of the decade's *need* for affordable housing could possibly be developed. This percentage was calculated at 65%, which was then applied to each community's share of affordable housing need for 2011-2020 to create a low end of an affordable housing goal range. The high end of a community's goal range was the need number itself. Some communities had access to additional funding sources and therefore the low end of their range was increased, but **most communities' 2011-2020 affordable housing goal was a range between 65% and 100% of their 2011-2020 share of affordable housing need.**

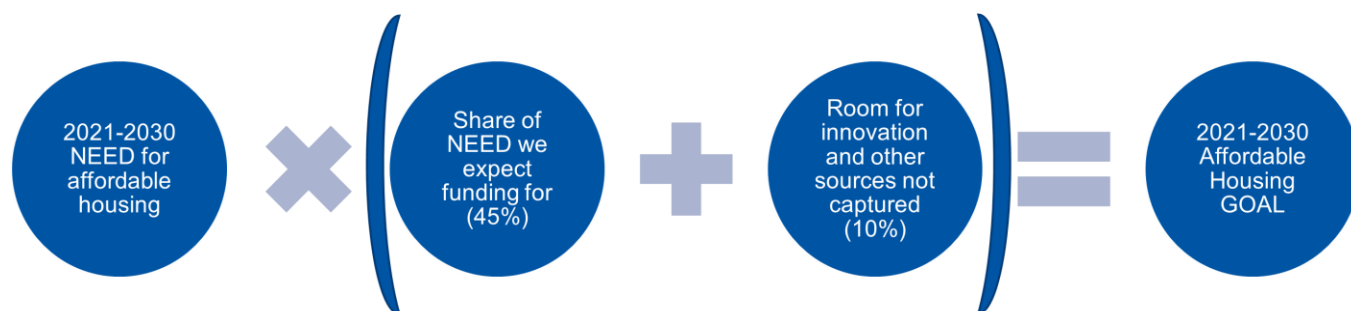
How are 2021-2030 affordable housing goals being calculated?

Affordable and life-cycle housing goals are calculated based on each community's share of the region's need for affordable housing in the coming decade. Each community has, or is in the process of, updating their comprehensive plans to acknowledge this "need" number, which is based on their forecasted sewer-serviced growth, their existing affordable housing choices relative to the regional average, and whether or not they import or export low-wage workers. Forecasted growth considers a community's transit capacity, land use guidance, employment growth, and other economic and demographic trends. "Need" numbers are further adjusted as described above to encourage affordable housing development that will provide reasonable housing options at all incomes throughout the region.

Determining affordable housing "goals" (which are required for LCA participation) based on affordable housing "needs" (which are required to be addressed per the Metropolitan Land Planning Act) ensures that those goals factor in all the unique characteristics of a community. However, it is widely acknowledged that there is not sufficient funding available to meet the forecasted affordable housing "need," and affordable housing goals are an opportunity for cities to consider a more realistic, if still ambitious, number of affordable housing units that could be built in the coming decade.

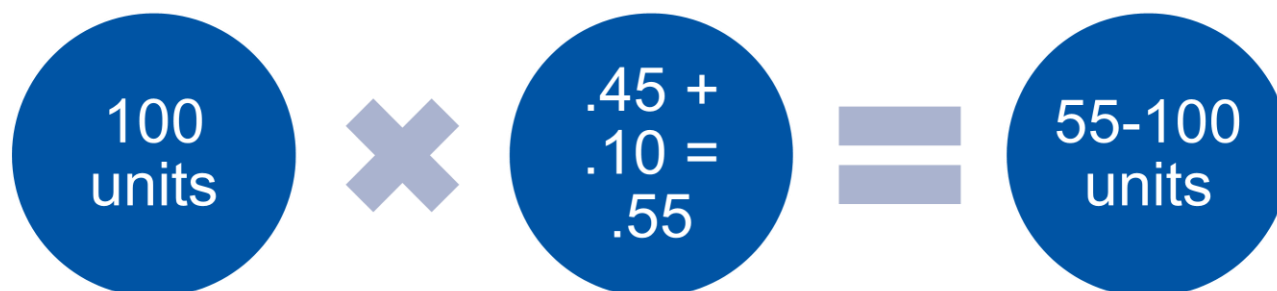
For this reason, the amount of funding anticipated for affordable housing development in the coming decade is the primary consideration in determining affordable housing goals. Working closely with Minnesota Housing, we have estimated that funding in 2021-2030 could support the construction of about 45% of the forecasted need for affordable housing.

We must acknowledge that not every source of affordable housing funding is captured in this calculation. We also acknowledge that there are many things individual local governments can do to incentivize and partner with affordable housing developers to increase their chances of accessing available funding. Finally, many focus group participants and survey respondents indicated a desire to set goals above minimum funding limitations as an incentive to do more. For this reason, we have set the low end of your community's 2021-2030 affordable housing goals at 55% of your share of the region's need for affordable housing (also known as the "need" number in your comprehensive plan). That percentage reflects the funding availability estimate (45%), plus an additional 10% to account for local policies and less common funding sources. Shown another way:



We heard from survey respondents and stakeholder conversations that funding has historically limited our ability to meet all affordable housing needs, but many partners – both cities and other stakeholders – felt that affordable housing goals should also reflect the future need. There is no penalty for not meeting affordable housing goals, and equating “goals” with “needs” may incentivize us to work harder to address affordable housing needs and bring attention to the need for more funding to create resilient communities where housing choices are robust.

For that reason, the high end of your community's 2021-2030 affordable housing goal is equal to your 2021-2030 affordable housing need number from your comprehensive plan. For example, if your share of the region's need for affordable housing in the coming decade is 100 units, your goal range would look like this:

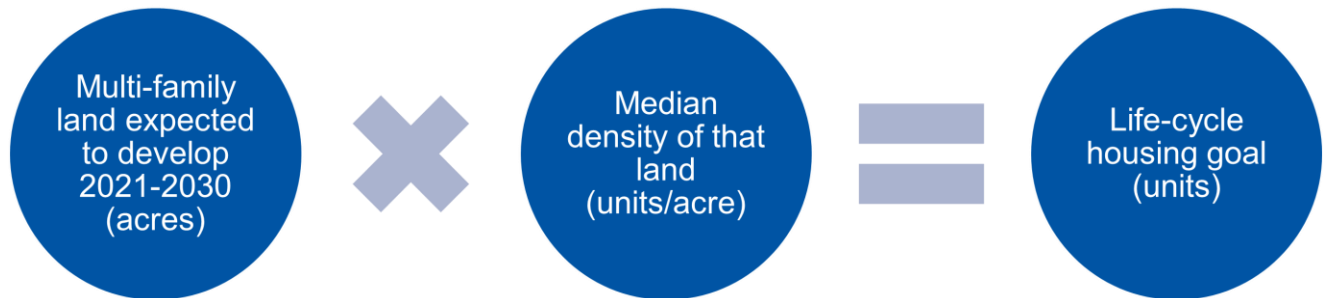


How were 2011-2020 life-cycle housing goals being calculated?

Life-cycle housing goals were also considered in partnership with communities and stakeholders in 2009-2010. In summary, life-cycle housing goals were also determined as a range. The low end of the range was the 2011-2020 share of affordable housing need. The high end of the range was calculated by multiplying all land guided multi-family residential AND expected to develop in the 2011 decade by the maximum densities of those land uses. This resulted in some very high life-cycle housing goals!

How are 2021-2030 life-cycle housing goals being calculated?

Life-cycle goals are intended to ensure communities are allowing for a variety of housing types; specifically a mix of densities within their residential land. Although all communities must allow minimum average residential densities for sewer serviced growth, and additional average density minimums near certain transit investments, this measure is more about knowing how many multi-family units are possible. Therefore, life-cycle goals are being measured by looking at all multi-family land uses (defined as land uses with a minimum of 8 units per acre or more), and multiplying the acres of land expected to develop in the coming decade by the median density of those multi-family land use designations. Shown another way:



Sample Resolution

RESOLUTION NO. _____

RESOLUTION ELECTING TO PARTICIPATE IN THE LOCAL HOUSING INCENTIVES ACCOUNT PROGRAM UNDER THE METROPOLITAN LIVABLE COMMUNITIES ACT

CALENDAR YEARS 2021 THROUGH 2030

WHEREAS, the Metropolitan Livable Communities Act (Minnesota Statutes sections 473.25 to 473.255) establishes a Metropolitan Livable Communities Fund which is intended to address housing and other development issues facing the metropolitan area defined by Minnesota Statutes section 473.121; and

WHEREAS, the Metropolitan Livable Communities Fund, comprising the Tax Base Revitalization Account, the Livable Communities Demonstration Account, the Local Housing Incentive Account and the Inclusionary Housing Account, is intended to provide certain funding and other assistance to metropolitan-area municipalities; and

WHEREAS, a metropolitan-area municipality is not eligible to receive grants or loans under the Metropolitan Livable Communities Fund or eligible to receive certain polluted sites cleanup funding from the Minnesota Department of Employment and Economic Development unless the municipality is participating in the Local Housing Incentives Account Program under Minnesota Statutes section 473.254; and

WHEREAS, the Metropolitan Livable Communities Act requires that each municipality establish affordable and life-cycle housing goals for that municipality that are consistent with and promote the policies of the Metropolitan Council as provided in the adopted Metropolitan Development Guide; and

WHEREAS, a metropolitan-area municipality can participate in the Local Housing Incentives Account Program under Minnesota Statutes section 473.254 if: (a) the municipality elects to participate in the Local Housing Incentives Program; (b) the Metropolitan Council and the municipality successfully negotiate new affordable and life-cycle housing goals for the municipality; (c) the Metropolitan Council adopts by resolution the new negotiated affordable and life-cycle housing goals for the municipality; and (d) the municipality establishes it has spent or will spend or distribute to the Local Housing Incentives Account the required Affordable and Life-Cycle Housing Opportunities Amount (ALHOA) for each year the municipality participates in the Local Housing Incentives Account Program.

NOW, THEREFORE, BE IT RESOLVED THAT the {specific municipality}:

1. Elects to participate in the Local Housing Incentives Program under the Metropolitan Livable Communities Act for calendar years 2021 through 2030.

2. Agrees to the following affordable and life-cycle housing goals for calendar years 2021 through 2030:

Affordable Housing Goals Range	Life-Cycle Housing Goal
{insert goal ranges for the specific municipality}	{insert goal ranges for the specific municipality}

3. Will prepare and submit to the Metropolitan Council a plan identifying the actions it plans to take to meet its established housing goals.

Approved: _____, 202_.

By: _____
Mayor

By: _____
Clerk