

2H. Consideration of approving an amendment to the fiscal analysis contract with Northland Securities, Inc. for strategic planning related to the Community Energy Transitions (CET) grant

Prepared by: Finance Director	Meeting Date: 01/10/2022	<input type="checkbox"/> Regular Agenda Item <input checked="" type="checkbox"/> Consent Agenda Item
Reviewed by: Community Development Director	Approved by: City Administrator	

ACTION REQUESTED

Motion to approve an amendment to the fiscal analysis contract with Northland Securities, Inc. (NSI) for strategic planning related to the CET grant.

PRIOR COUNCIL ACTION

June 14, 2021: Confirming the CET Grant Phase I direction and approval of fiscal analysis in the amount of \$13,230.

REFERENCE AND BACKGROUND

The City of Monticello was awarded a \$500,000 Community Energy Transitions (CET) grant in early 2021, proceeds of which can be used through June of 2022. City staff have put a significant amount of planning into the maximum use of the funds to ensure the studies funded by the grant provide a roadmap for the City’s future beyond the licensing of the Xcel Energy Nuclear Generating Plant.

\$13,230 of the grant funds were originally allocated to fiscal analysis to be completed by the City’s financial advisor, Northland Securities Inc. (NSI). The initial scope included rate studies for water, sewer, and stormwater both in the usage charges billed monthly as well as the trunk and access charges paid by developers for future infrastructure. Other uses include a Small Area Plan for The Pointes at Cedar area and a comprehensive study for the water, sewer, and stormwater utilities.

Through additional discussions with NSI on building all these individual studies into one usable model, it quickly became clear the preferred answer is a full long-term financial plan. The finance department has had the goal of building a long-term financial plan for a couple of years, but staff time is limited, and the project has not come to fruition yet. Since the CET grant funds can be used for this purpose, it is a good opportunity to complete this much needed plan sooner and with NSI’s expertise.

- I. **Budget Impact:** \$8,400 of additional impact in the General Fund. The total amount of NSI services for the described purposes is \$21,630. This unbudgeted expenditure will be offset by CET grant revenues.
- II. **Staff Impact:** While expanding the scope of the current agreement will create workload for the finance and community development departments to compile the necessary inputs for Northland’s financial analysis model, it will save staff time in creating a long-term financial plan internally.
- III. **Comprehensive Plan Impact:** The Monticello 2040 Plan’s Implementation chapter specifically states that “identifying and securing funding sources will be one of the most significant aspects of implementing the Comprehensive Plan and is critical to the City’s goal of economic sustainability.” The proposed study will provide the City with a comprehensive financial model and the basis of a solid financial management plan reflective of the City’s goals, including energy economy transition.

STAFF RECOMMENDED ACTION

City staff recommends approval of an amendment to the fiscal analysis contract with Northland Securities, Inc. (NSI) for strategic planning related to the CET grant.

SUPPORTING DATA

- Revised Scope of Work

Preliminary for Discussion
 Exhibit to Financial Planning Service Agreement
 City of Monticello, MN

Items	Bonds and Rate Study		Comprehensive Long-term Financial Management Plan		Difference in Hours and Compensation for Proposed Change in Scope of Services	
	Hours	Compensation	Hours	Compensation	Hours	Compensation
1 Project Management Team (PMT) Kick-Off Meeting	1.00	\$210	1.00	\$210	-	\$0
2 Data Collection and Review and Analysis	2.00	\$420	2.00	\$420	-	\$0
3 Financial Model Development	32.00	\$6,720	44.00	\$9,240	12.00	\$2,520
a. Monticello-specific fiscal impact analysis including jobs (direct and contract), housing, induced/multiplier economics.						
b. Identification of timing and financial resources to accomplish utility and transportation infrastructure timing.						
c. Analysis of alternative funding sources, such as local option sales tax, grants, and lease-revenue bonds along with specifically paired						
d. Financial analysis which combines infrastructure development (costs/rates) with development tax base projections to produce financial plan and implementation forecast.						
e. Integrate Federal stimulus funding as applicable.						
f. Incorporate plans for infrastructure and proposed sources of funding.						
g. Prepare comparisons of projected future City tax rates to other comparative cities.						
h. Model all City Funds, with the exception of the Internal Service Funds based on ten year planning horizon.						
		<i>Limited funds*</i>		<i>All funds to be included*</i>		
4 Identification of Economic Development Programs and Legislative Actions to Support Transition Efforts	1.00	\$210	1.00	\$210	-	\$0
5 Data Input and Assumption Development and Analysis	4.00	\$840	12.00	\$2,520	8.00	\$1,680
6 Test Assumptions and Finalize Model	4.00	\$840	6.00	\$1,260	2.00	\$420
7 PMT Check In Meeting to Discuss Assumptions	1.00	\$210	1.00	\$210	-	\$0
8 Draft Report and Presentation Development	8.00	\$1,680	20.00	\$4,200	12.00	\$2,520
9 PMT Meeting to Review Draft Report and Presentation	1.00	\$210	1.00	\$210	-	\$0
10 Finalize Draft Report and Presentation and Submit to PMT	4.00	\$840	8.00	\$1,680	4.00	\$840
11 Present Report to City Council	2.00	\$420	2.00	\$420	-	\$0
12 PMT Meeting to Review Feedback from City Council	1.00	\$210	1.00	\$210	-	\$0
13 Deliverables to PMT and training on use of model	2.00	\$420	4.00	\$840	2.00	\$420
Total	63.00	\$13,230	103.00	\$21,630	40.00	\$8,400

*City Funds Included:

Water Fund
 Sewage Fund
 Stormwater Fund
 All Debt Service Funds

Water Fund
 Sewage Fund
 Stormwater Fund
 Liquor Fund
 All Debt Service Funds
 Fiber Optics Fund
 Deputy Registrar Fund
 General Fund
 Other Special Revenue Funds
 Community Center
 Economic Development Authority
 Capital Projects Funds

Models Delivered to City for City's Use:

Enterprise Fund Model
 Debt Model

Enterprise Fund Model
 Debt Model
 Governmental Funds and CIP Model

