

**CITY OF SAINT PETER, MINNESOTA
AGENDA AND NOTICE OF MEETING**

Regular Workshop Session of Monday, June 20, 2016
Library Meeting Room – 5:30 p.m.
601 South Washington Avenue

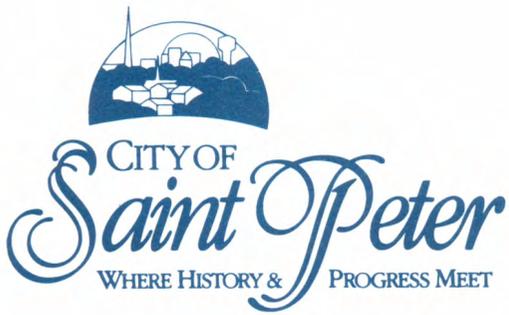
- I. **CALL TO ORDER**

- II. **DISCUSSION**
 - A. Coalition of Greater Minnesota Cities Presentation
 - B. 2015 Hospital Audit Presentation
 - C. Revolving Loan Policies
 - D. Parks Plan Review
 - E. Others

- III. **ADJOURNMENT**

Office of the City Administrator
Todd Prafke

TP/bal



Memorandum

TO: Honorable Mayor Zieman
Members of the City Council

DATE: 6/14/2016

FROM: Todd Prafke
City Administrator

RE: Coalition of Greater Minnesota Cities Presentation

ACTION/RECOMMENDATION

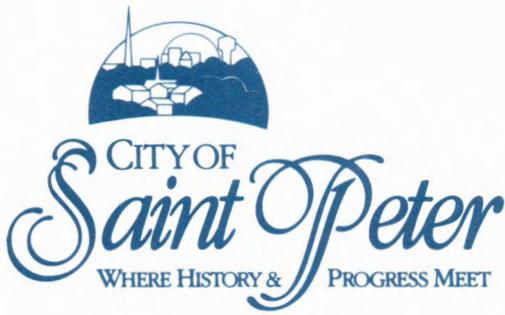
None needed. For your information only.

BACKGROUND

Bradley Peterson of the Coalition of Greater Minnesota Cities (COGMC) will be at the workshop on Monday evening to make a presentation to the Council on the benefits of membership in the Coalition and the activities the group has undertaken in the last year.

Please feel free to contact me if you have any questions or concerns about this agenda item.

TP/bal



Memorandum

TO: Honorable Mayor Zieman
Members of the City Council

DATE: 6/14/2016

FROM: Todd Prafke
City Administrator

RE: 2015 REHC Audit Presentation

ACTION/RECOMMENDATION

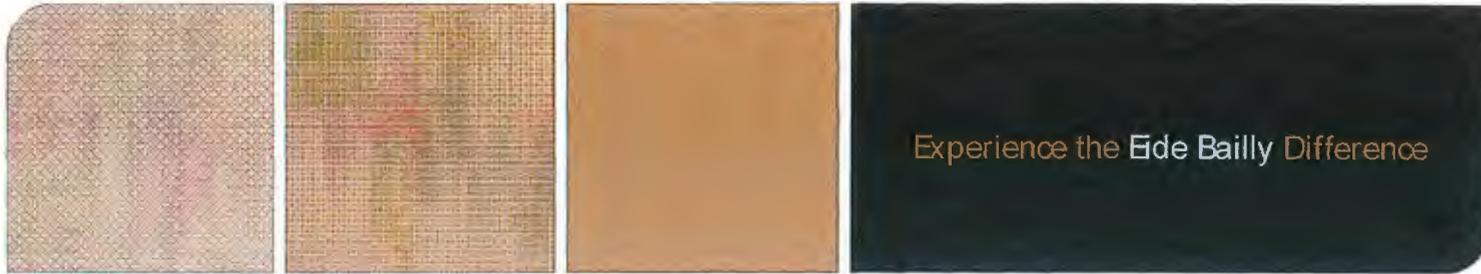
None needed. For your information only.

BACKGROUND

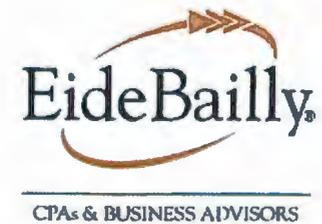
River's Edge Hospital and Clinic CEO George Rohrich will be at the workshop on Monday evening to make a presentation on the Hospital's 2015 audit findings.

Please feel free to contact me if you have any questions or concerns about this agenda item.

TP/bal



River's Edge Hospital and Clinic



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Contents

Required Auditor's Communication

Internal Control Matters

Financial and Operational Analysis

- Balance Sheet Performance Ratios
- Financial Performance Ratios
- Operating Activities
- Market Share

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Required Auditor's Communication

1. Auditor's responsibility under generally accepted auditing standards
 - Responsibility for financial statements – management
 - Audit consists of tests, not complete verification – we obtain reasonable, not absolute, assurance about whether the financial statements are free of material misstatements
 - Engaged to perform audit in accordance with auditing standards generally accepted in the United States of America

2. Significant accounting policies
 - Described in notes to financial statements
 - Adopted GASB 68
 - No changes in existing accounting policies

Required Auditor's Communication

3. Management judgments and accounting estimates and qualitative aspects of accounting practices
 - Estimated third-party payor settlements
 - Allowance for doubtful accounts and contractual adjustments
 - Accrued pension liability

4. Corrected misstatements
 - To decrease beginning net position due to implementing GASB 68 – \$6,734,000
 - To increase pension expense (\$148,000), record deferred outflows of resources (\$1,359,000), record deferred inflows of resources (\$1,592,000), and increase pension liability (\$6,649,000)
 - To increase the estimated Medicare receivable – \$308,000
 - To increase allowance for doubtful accounts – \$690,000

Required Auditor's Communication

5. Difficulties encountered in performing the audit
 - No difficulties in dealing with management
6. Disagreements with management
 - None
7. Management consultations with other independent accountants
 - None noted
8. Other matters discussed prior to retention
 - None
9. Supplementary information accompanies the financial statements

Internal Control Matters

Current Year Internal Control Matters

Material Weakness

1. Preparation of financial statements
2. Material audit adjustments

Significant Deficiency

1. Limited size of office staff

Health Care Environmental Trends

Market trends affecting your industry both nationally and locally are key to understanding the impact to your future strategy:

Rising Costs; Reduced Reimbursement

- Although the medical care consumer price index continues to increase, reimbursement rates and physician services fees have not been able to keep pace.

Health Care Reform

- New requirements for reporting and maintaining quality standards, in addition to changes in reimbursement will challenge internal operational efficiencies.

Physician Recruitment & Retention

- A reduction in the supply of primary care physicians at a national level is creating an increasing challenge to attract and retain physicians.

Availability of Workforce

- Population declines are creating a challenge for health care to fill retiring positions with skilled staff with specialized training.



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Balance Sheet Performance Ratios

Balance Sheets

	2015	2014 (restated)
Assets and Deferred Outflows of Resources		
Current Assets		
Cash and cash equivalents	\$ 4,322,711	\$ 3,942,074
Cash and cash equivalents - Foundation	112,921	35,725
Receivables		
Patient, net of estimated uncollectibles of approximately \$679,000 in 2015 and \$407,000 in 2014 and contractual adjustments of approximately \$1,838,000 in 2015 and \$1,770,000 in 2014	4,165,966	4,519,128
Estimated third-party payor settlements	300,000	-
Other	22,971	7,498
Supplies	617,417	376,645
Prepaid expenses	144,062	201,544
Total current assets	<u>9,686,048</u>	<u>9,082,614</u>
Noncurrent Cash and Investments Designated by Commission	<u>3,890,702</u>	<u>3,669,379</u>
Capital Assets		
Capital assets not being depreciated	97,568	30,527
Depreciable capital assets	<u>8,219,824</u>	<u>9,504,090</u>
Total capital assets	<u>8,317,392</u>	<u>9,534,617</u>
Other Assets		
Long-term prepaid	73,166	82,506
Investment in joint venture	<u>478,359</u>	<u>500,476</u>
Total other assets	<u>551,525</u>	<u>582,982</u>
Total assets	<u>22,445,667</u>	<u>22,869,592</u>
Deferred Outflows of Resources		
Pension related deferred outflows	<u>1,359,382</u>	<u>968,829</u>
Total assets and deferred outflows of resources	<u>\$ 23,805,049</u>	<u>\$ 23,838,421</u>



Balance Sheets

	<u>2015</u>	<u>2014</u> (restated)
Liabilities, Deferred Inflows of Resources, and Net Position		
Current Liabilities		
Current maturities of long-term debt	\$ 657,989	\$ 661,739
Accounts payable		
Trade	1,055,733	1,153,207
Estimated third-party payor settlements	-	546,000
Accrued expenses		
Salaries, wages, and benefits	1,110,175	1,149,204
Interest	<u>147,077</u>	<u>150,798</u>
Total current liabilities	2,970,974	3,660,948
Net Pension Liability	6,649,172	6,064,471
Long-Term Debt, Less Current Maturities	<u>11,718,968</u>	<u>12,376,958</u>
Total liabilities	<u>21,339,114</u>	<u>22,102,377</u>
Deferred Inflows of Resources		
Pension related deferred inflows	<u>1,592,377</u>	<u>1,638,615</u>
Net Position		
Net investment in capital assets	(4,059,565)	(3,504,080)
Unrestricted	<u>4,933,123</u>	<u>3,601,509</u>
Total net position	<u>873,558</u>	<u>97,429</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 23,805,049</u>	<u>\$ 23,838,421</u>



Days Cash On Hand



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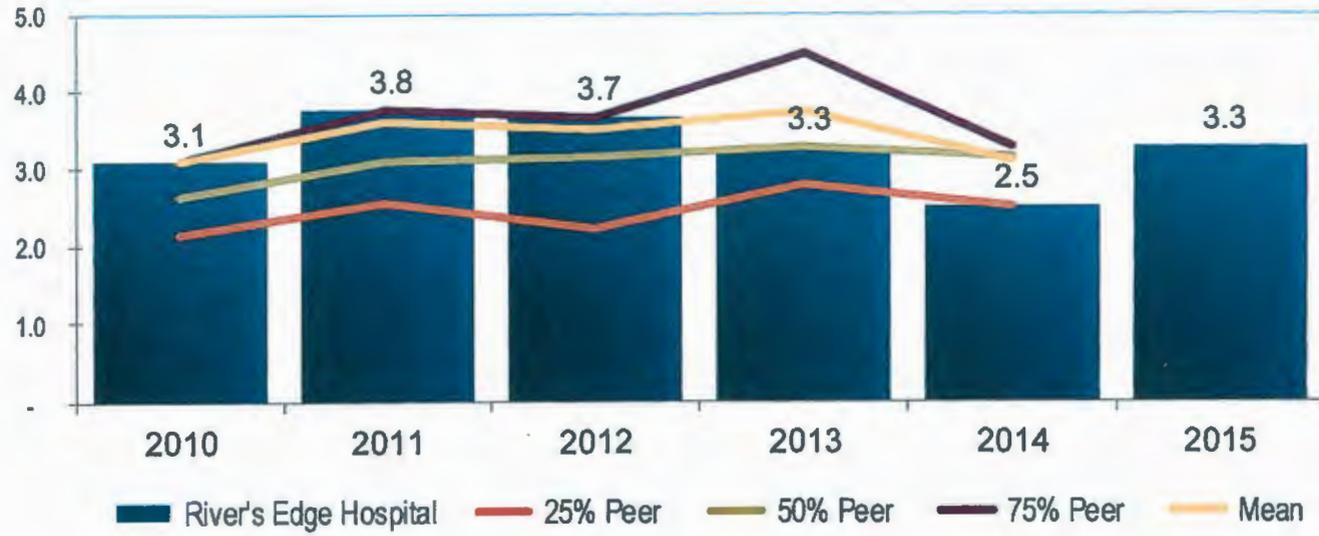


Days Revenue In Patient Receivables



15

Current Ratio



16



Financial Performance Ratios

17

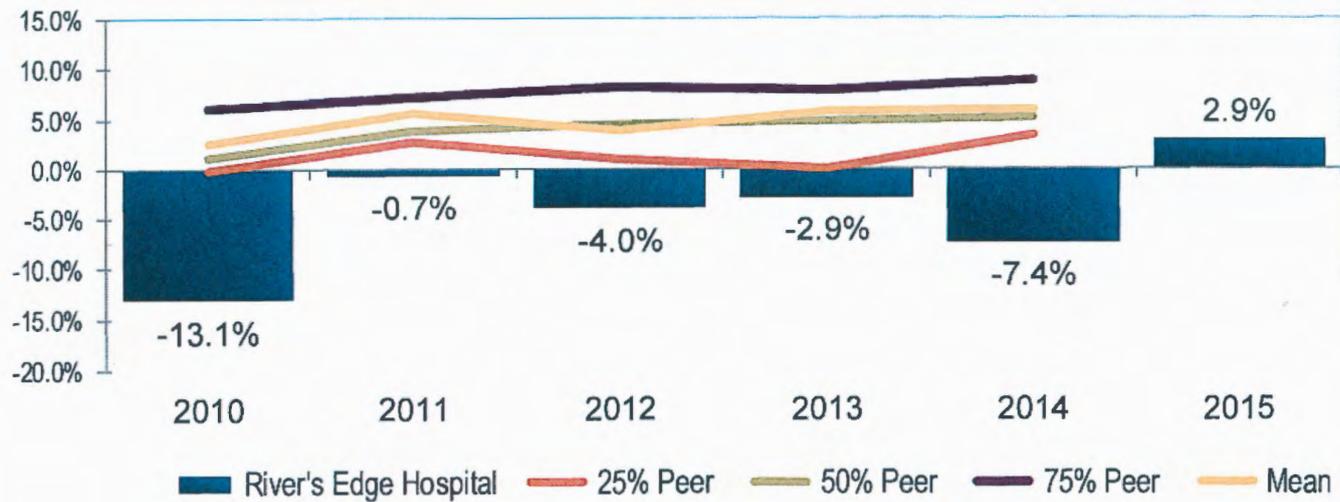


Statements of Revenues, Expenses, and Changes in Net Position

	2015	2014 (restated)
Operating Revenues		
Net patient service revenue (net of provision for bad debts of \$757,250 in 2015 and \$552,561 in 2014)	\$ 25,517,482	\$ 18,616,713
Other revenue	1,469,507	265,281
Total operating revenues	<u>26,986,989</u>	<u>18,881,994</u>
Operating Expenses		
Nursing services	2,499,372	1,847,942
Other professional services	14,501,608	10,153,089
General and administrative services	6,711,363	5,889,270
Property and household services	717,058	678,279
Depreciation	1,448,079	1,284,572
Total operating expenses	<u>25,877,480</u>	<u>19,853,152</u>
Operating Income (Loss)	<u>1,109,509</u>	<u>(971,158)</u>
Nonoperating Revenues (Expenses)		
Interest expense	(454,488)	(456,010)
Investment income	38,027	26,561
Noncapital contributions and grants	80,830	923
Other	2,251	881
Net nonoperating expenses	<u>(333,380)</u>	<u>(427,645)</u>
Revenues in Excess of (Less Than) Expenses	776,129	(1,398,803)
Net Position, Beginning of Year	<u>97,429</u>	<u>1,496,232</u>
Net Position, End of Year	<u>\$ 873,558</u>	<u>\$ 97,429</u>



Net Margin Percentage



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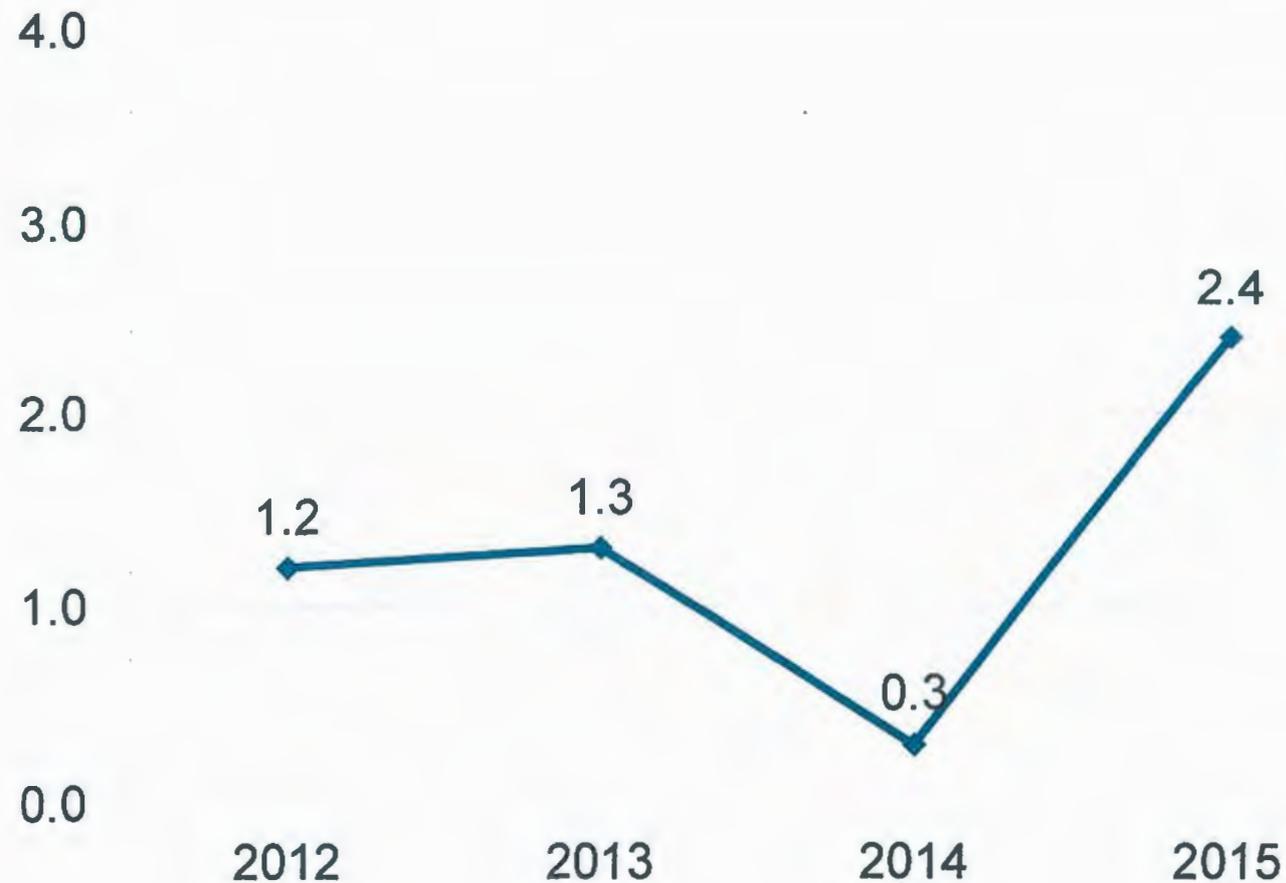


EBIDA Percentage



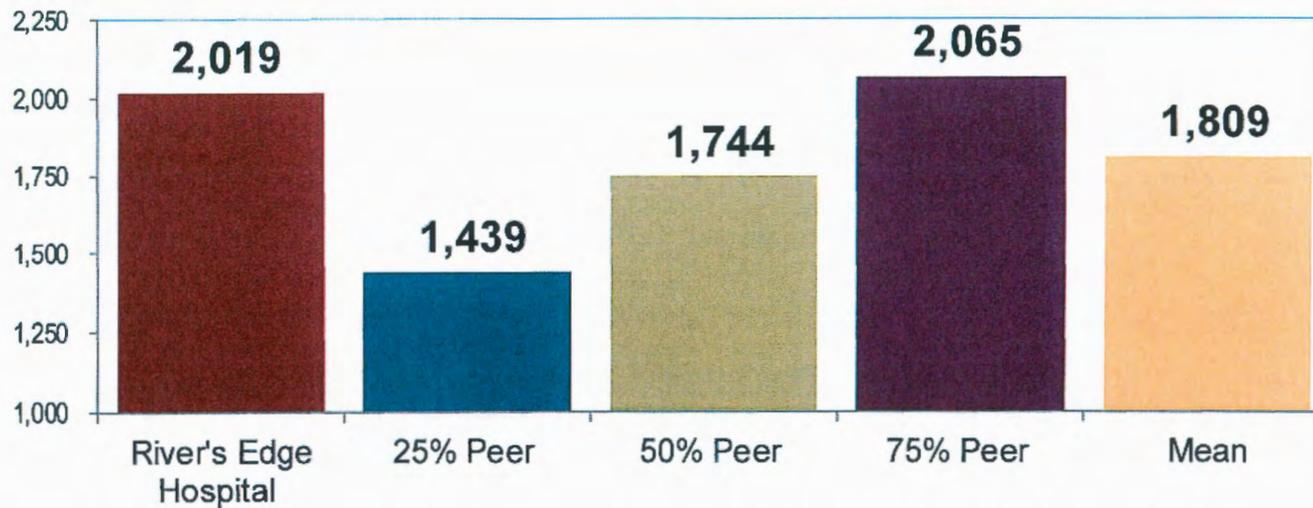
River's Edge Hospital and Clinic

Debt Service Coverage Ratio



Operating Activities

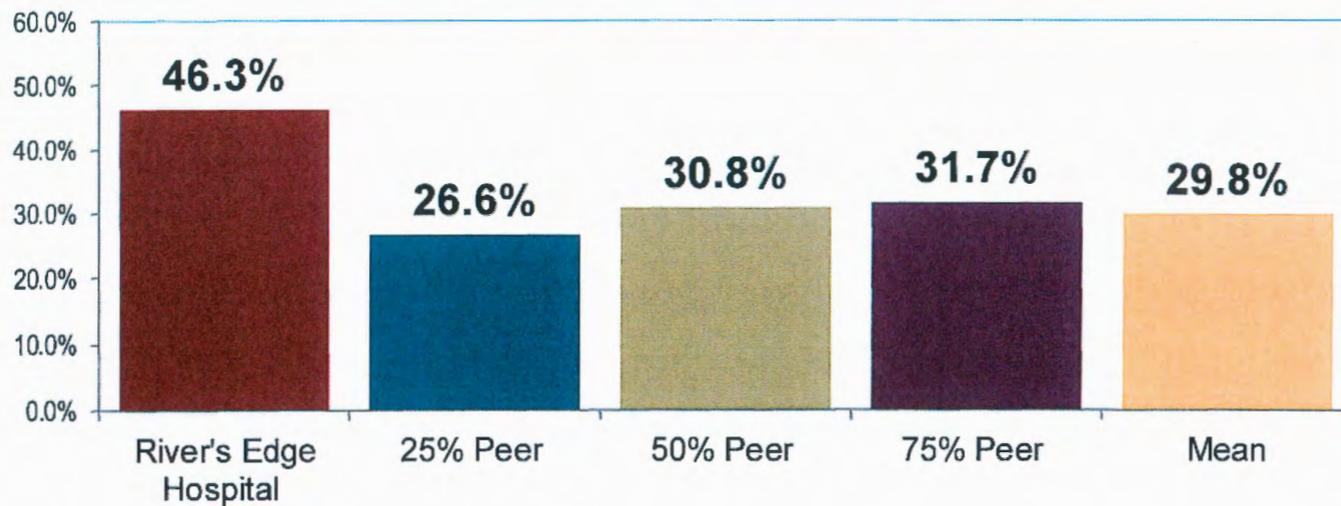
Total Patient Days (Adult & Swing)



33

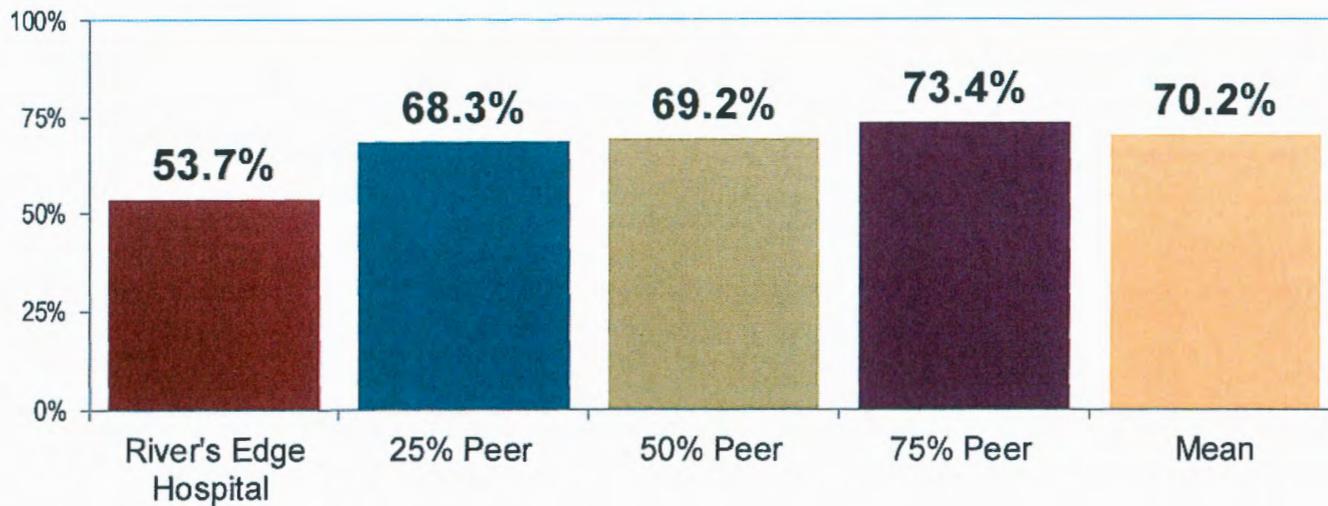


Inpatient Revenue to Total Revenue Percentage



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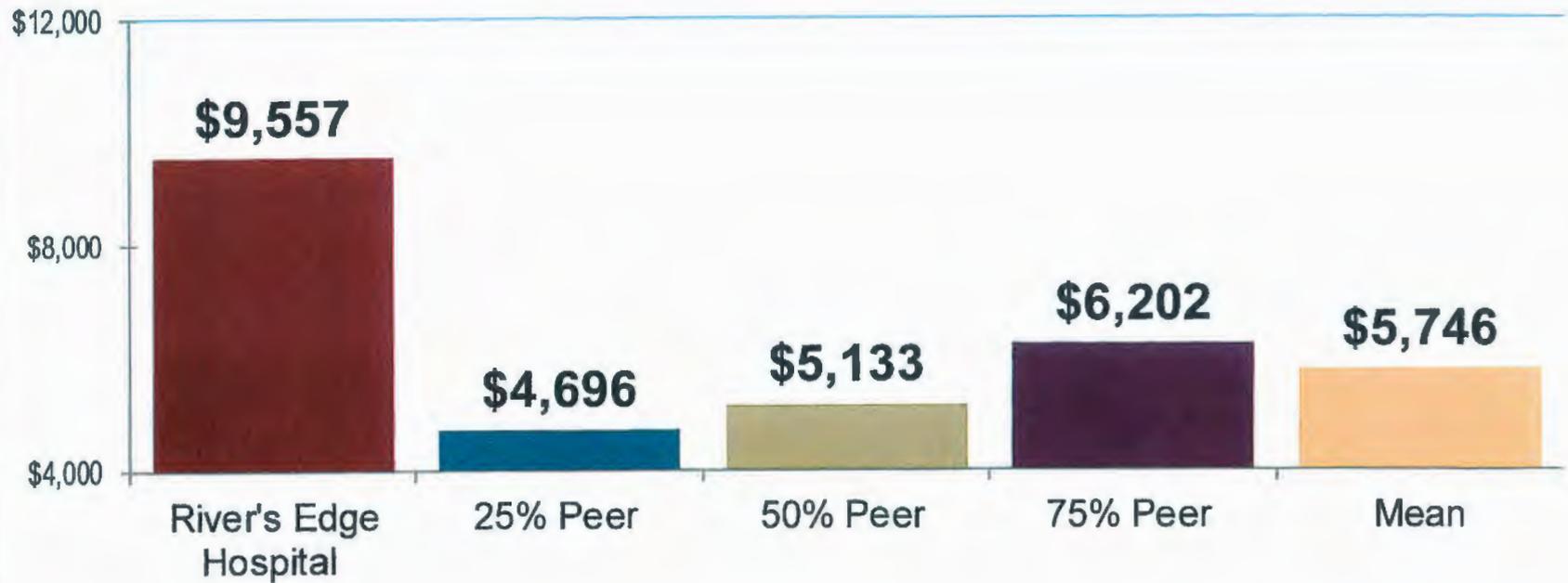
Outpatient Revenue to Total Revenue Percentage



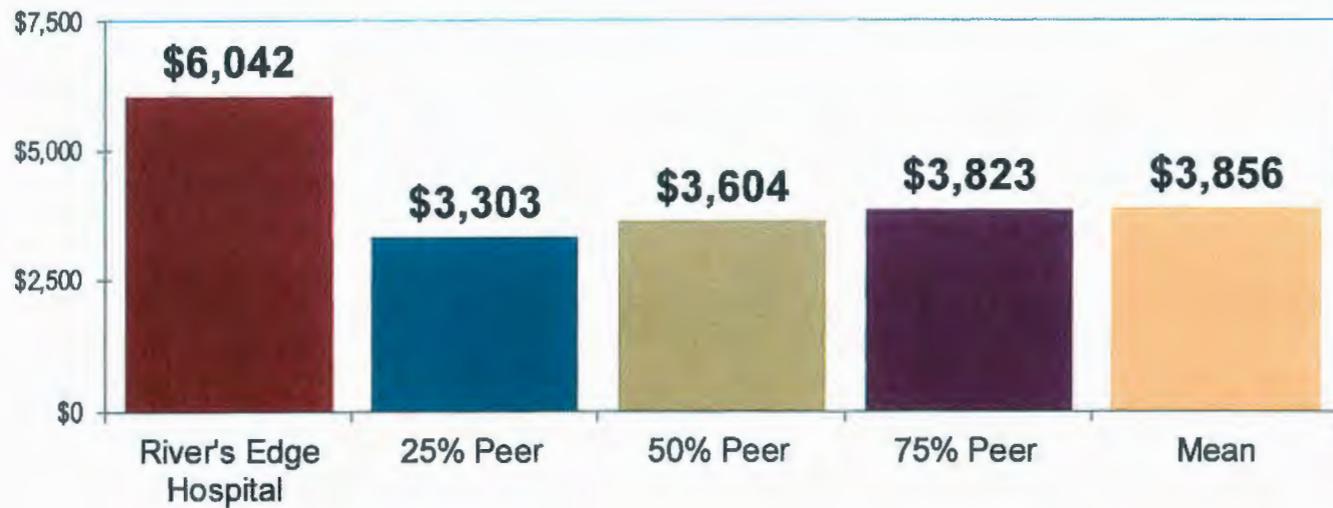
25



Charges per APD



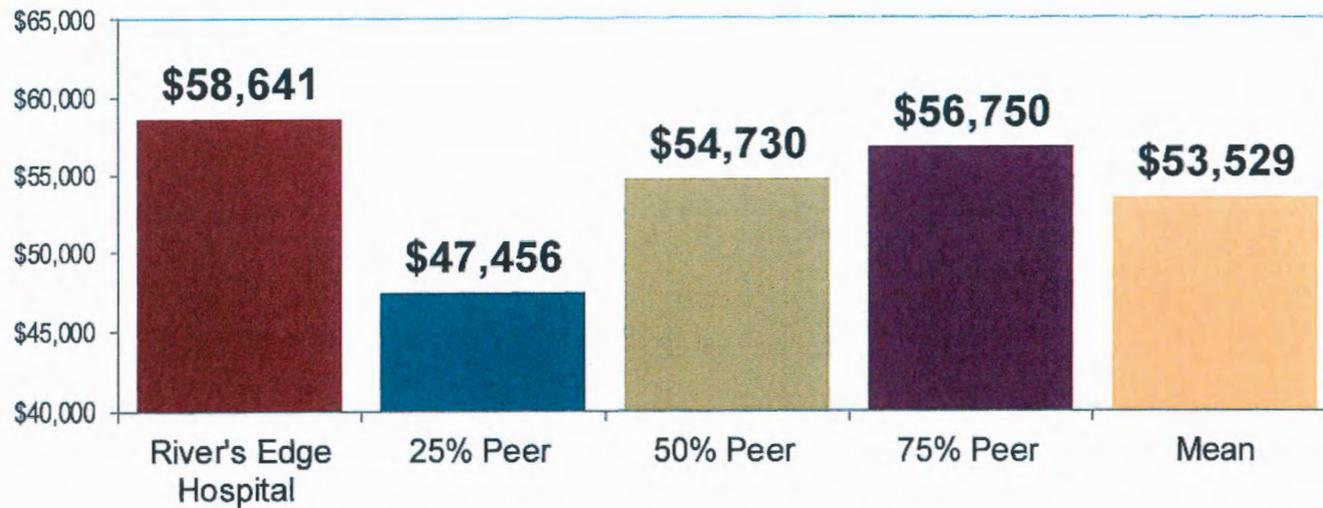
Total Expenses per Adjusted Patient Day



27



Salaries per FTE

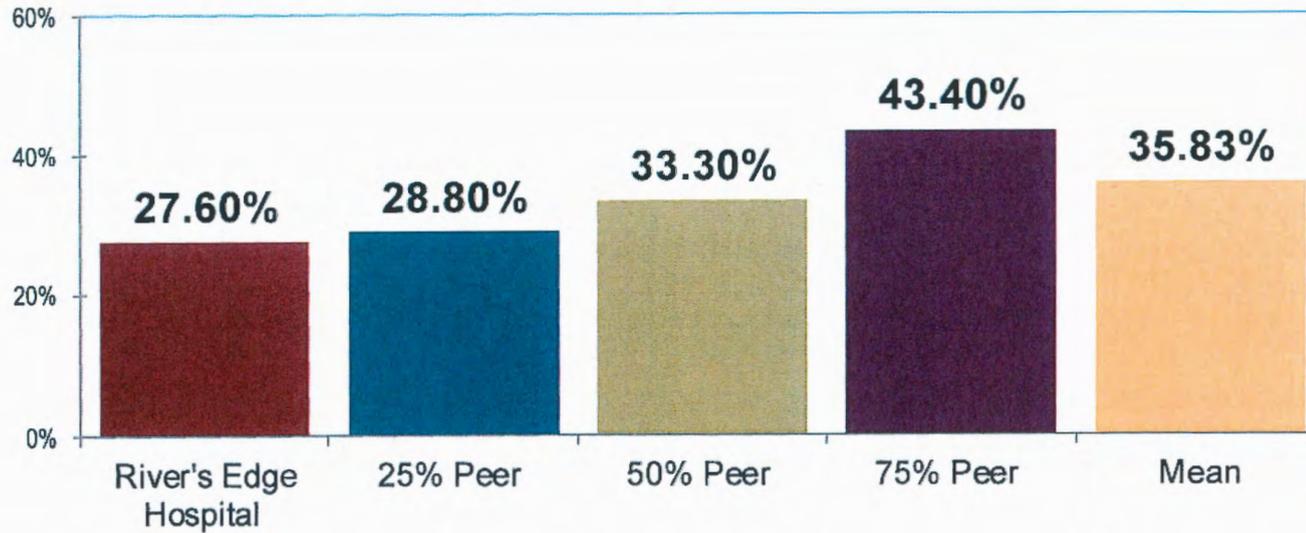


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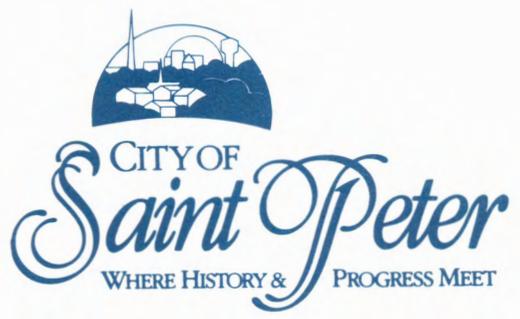
Market Share

Primary Zip Code Market Share



30





Memorandum

TO: Todd Prafke
City Administrator

DATE: 6/16/16

FROM: Russ Wille
Community Development Director

RE: Historic Preservation Loan Program – Recommended Alterations

ACTION/RECOMMENDATION

None needed. For Council discussion and information only.

BACKGROUND

Beginning in October, 2015, the EDA undertook a review of the revolving loan funds administered by the City of Saint Peter. As a result of their review, the EDA has recommended that the City Council provide for certain amendments and alterations to the Historic Preservation Loan Program.

The first EDA recommendation would be to allow building owners to access the loan program to partially finance building alterations which enhance compliance with the Americans with Disabilities Act. At this time, access to the fund has been limited to those exterior alterations considered to be historic preservation. As such, the EDA is recommending that the loan program be renamed “Central Business District Renovation Accessibility Enhancement Loan Program”.

The EDA has also recommended that the maximum loan amount under this program be raised up 90% of the identified project costs with a maximum of \$25,000. The existing policy limits loans to 50% of the project costs up to a maximum of \$10,000.

The EDA suggested that I prepare a procedure to consider partial loan forgiveness to encourage utilization of the loan program. In early 2016, the EDA considered a policy change which would allow for forgiveness of up to 50% of the principle for loans under \$10,000. For loans in excess of \$10,000, the loan would be forgiven once the unpaid balance of the note would be reduced to \$5,000.

To qualify for partial loan forgiveness, the applicant must demonstrate an acceptable repayment history. For this loan program, an acceptable repayment history would require that the note had not been declared to be in default.

Upon review of the proposed policy alterations at workshop, the City Council asked that the EDA clarify their intended loan forgiveness protocol. At the May, 2016 meeting, the EDA agreed that loans under this program could be accessed to improve any building within the Central Business District. However, the loan forgiveness provision would be reserved for those properties within the Heritage Preservation Overlay district.

The EDA would hope that the amended guidelines would encourage greater utilization of the fund resulting in an improvement to the physical condition of downtown historic assets.

The EDA completed their second review of the Historic Preservation Loan program and has recommended that the loan guidelines be amended as presented.

Please feel free to contact me should you have any questions or concerns on this agenda item.

RJW

CENTRAL BUSINESS DISTRICT
RENOVATION/ACCESSIBILITY ENHANCEMENT LOAN PROGRAM GUIDELINES

1. PURPOSE:

The purpose of this loan program is to promote reinvestment in the properties within the Central Business District. Specifically, this program is designed to fund exterior historical enhancements or handicapped accessibility improvements to the commercial structures within the historic downtown.

2. ELIGIBILITY:

2.1 To promote the historical enhancement of the district and to protect the viability of the Central Business District properties, these loans may be used for exterior building maintenance, window/door replacement, roofing repairs, awning installation, signage, repair of masonry or the painting of the structure when deemed appropriate.

2.2 To promote the improved handicapped accessibility of structures, these loans may be used for any interior or exterior renovation of the building / structure deemed necessary to attain improved compliance with the Americans with Disabilities Act.

2.3 An applicant seeking funding under this program to repair, renovate or rehabilitate a building within the Central Business District shall not be eligible to access more than one loan per building at any given time.

3. REVIEW/CONSTRUCTION STANDARDS:

3.1 When required by ordinance, the Heritage Preservation Commission shall review and approve the exterior renovation, repair or alteration of any property located within the Heritage Preservation Overlay District, as well as new construction within the Central Business District.

3.2 All construction, renovations and repairs shall be completed in conformance with the codes, standards and practices required by municipal ordinance, state statute, federal rule or law.

4. LOAN AMOUNT:

4.1 Loans provided under this program are limited to a maximum of \$25,000 per property.

4.2 EDA financing shall not exceed 90% of the project costs determined by bids or quotes received from contractors and project vendors.

4.3 The applicant shall demonstrate the ability to contribute at least 10% of the identified project costs in the form of cash or equity.

5. INTEREST RATE:

Loans made under this program shall be provided at a 0% rate of interest.

6. LOAN SECURITY:

- 6.1 Loans provided to building owners under this program shall be secured via subordinate mortgage and personal guarantee from the building owners.
- 6.2 Loans provided to repair, rehabilitate or renovate real estate shall be insured for its full replacement cost of the building and the EDA shall be designated as a loss payee of the insurance policy.
- 6.3 Loans provided to building Tenants financing leasehold improvements shall be secured via personal guarantee, and shall be reviewed for adequate collateralization.

7. REPAYMENT SCHEDULE:

- 7.1 The repayment of loans made under this program shall be provided over the following period of time.

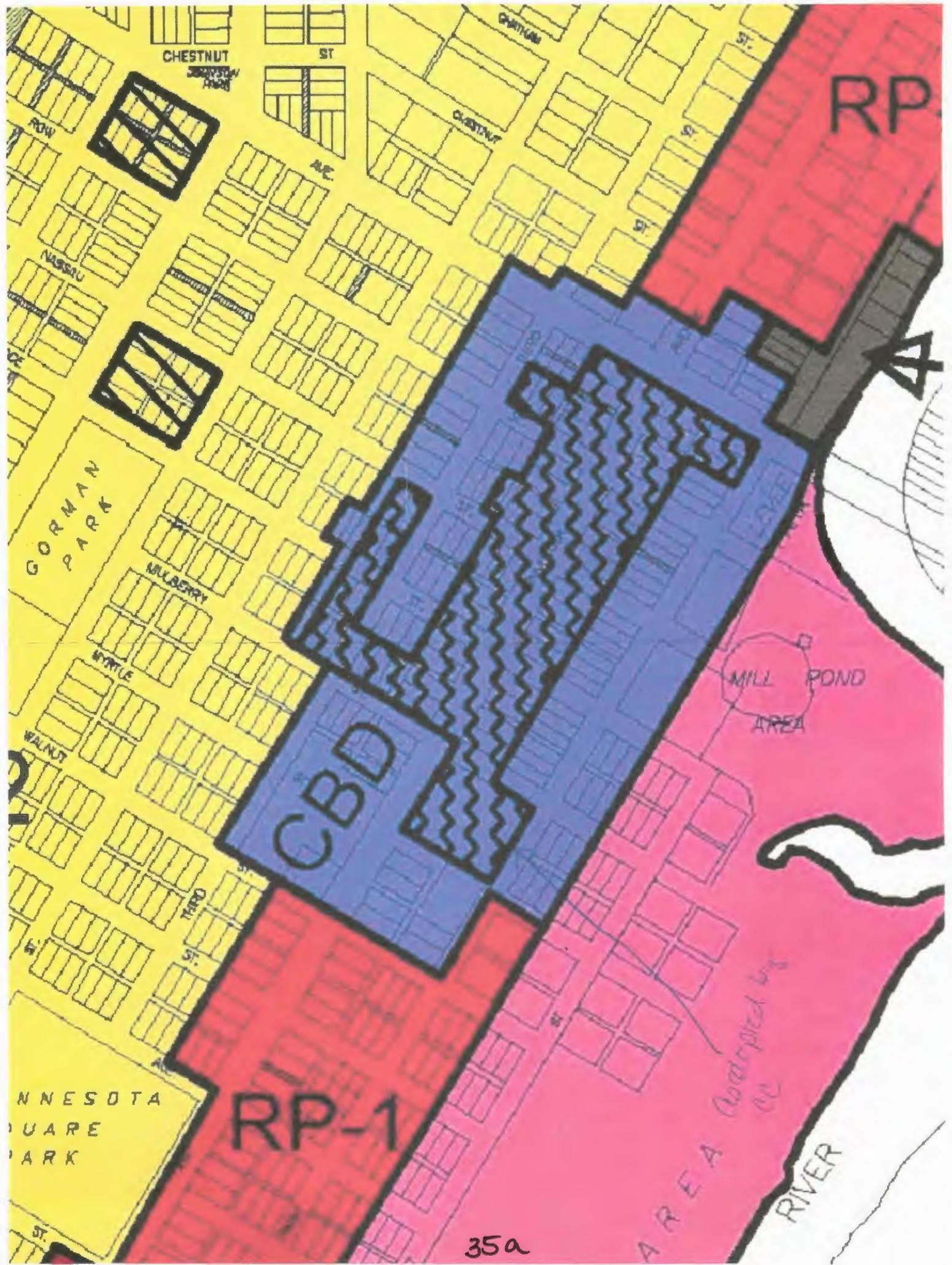
<u>Loan Amount</u>	<u>Amortization</u>
\$0 - \$2,000	1 year
\$2,001 - \$5,000	5 years
\$5,001 - \$10,000	7 years
\$10,001 - \$25,000	10 years

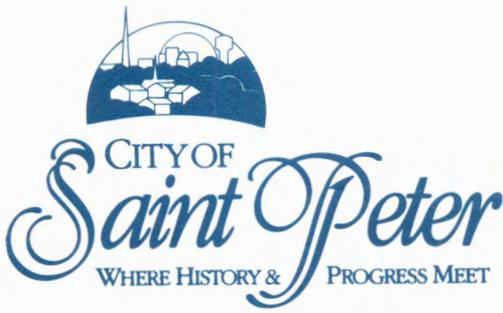
- 7.2 Loans shall be repaid via electronic, automatic withdrawal from a savings or checking account designated by the borrower.
- 7.3 Loans must be repaid upon the sale of the secured collateral. Requests for loan assumption shall be reviewed by the EDA which shall make a non-binding recommendation to the City Council.

8. LOAN FORGIVENESS:

- 8.1 Those loans provided to renovate properties within the Heritage Preservation Overlay District, with an acceptable repayment history may qualify for partial loan forgiveness. For the purposes of this loan program, an acceptable repayment history shall require a determination that the loan has not been declared to be in default at any time as per the terms of the applicable promissory note.
- 8.2 Such forgiveness shall not exceed \$5,000 per project undertaken under this program.
- 8.3 Qualifying loans of \$10,000 or less. At such time that the outstanding principal of a loan made under this program is reduced below 50% of the original loan amount, the balance of the principle may be forgiven and the note considered repaid in full.

- 8.4 Qualifying loans of more than \$10,000. At such time that the outstanding principal of a loan made under this program is reduced to \$5,000 or less, the balance of the principle may be forgiven and the note considered repaid in full.
9. FEES:
- 9.1 No loan origination fee shall be charged to loans made under this program.
- 9.2 The applicant shall assume responsibility for the payment of any fees related to the recording of project security and/or collateral.
10. DUE DILLIGENCE:
- 10.1 Loan applications shall be accompanied by the following:
- A. Personal Financial Statement(s) from the applicant(s).
 - B. Two years business financial history.
 - i. Balance Sheet
 - ii. Income Statements
 - iii. Profit/Loss Statement
 - C. Bids/Quotes
- 10.2 The Chairperson of the Economic Development Authority may appoint a subcommittee of the EDA to undertake a review of the personal and business financial submittals of the applicant. The subcommittee shall provide a report to the full EDA regarding the creditworthiness of the applicant(s).
- 10.3 Projects which propose to utilize local contractors, suppliers, vendors and professional service providers will be favored when applications are considered by the EDA.
- 10.4 Following their review and consideration, the EDA shall make a non-binding recommendation to the City Council as to whether the loan shall be approved or denied. The final decision of loan approval or denial is to be made by the City Council.
11. RELEASE OF FUNDS:
- 11.1 Closing of the loan and the release of loan funds to the borrower shall occur after the successful completion of the renovation or alteration.
- 11.2 Prior to release of funds, the Community Development Director shall determine that the renovation or alteration was accomplished as per the requirements of the Heritage Preservation Commission approval.





Memorandum

TO: Todd Prafke
City Administrator

DATE: 6/20/2016

FROM: Pete Moulton Jane Timmerman
Director of Public Works Director of Recreation and Leisure Services

RE: Parks Master Plan

ACTION/RECOMMENDATION

None needed. For your information and discussion only.

BACKGROUND

In 1999 the City Council established a growth boundary for the City which would double the area of the City. The last parks master plan was adopted in 2005 and staff has been working with the Parks Board to update the plan for several years. The draft plan provides for reevaluation of the existing parks system and facilities as a basis for the future park system and facilities necessary to serve citizens within the established growth boundaries. The updated plan is focused on park needs, size, type, and locations encompassing the entire City and the proposed growth area.

The proposed plan was reviewed by the Planning and Zoning Commission on April 2, 2015 and changes were made based on that discussion. The draft plan was then prepared by City staff with mapping assistance from Bolton and Menk Engineers using City software.

Change which impact the parks plan in the last few years include:

- New City park adjacent to the new high school with three million dollars in improvements with trails, green space and competitive fields planned for the future. A passive park area that is well lit and citizens are encouraged to use. Stormwater storage is used as an amenity for the scenic structure. Butterfly plantings and rain garden plants supplement the beautification process.
- New future park at Traverse Green Subdivision where plans are underway to construct a neighborhood park to serve the new subdivision.'
- Minnesota Valley Education District's (MVED) private park adjacent to the expanded Ramsey Park.
- Future specialty parks on Le Sueur County park land) which are planned to include areas specifically identified to meet needs for archery, BMX, and skateboarding. The master plan proposes three future specialty parks that could be placed within the Le Sueur County land across from the Dog Park going north and the Le Sueur County land across from the Dog Park going west totaling 16.42 acres. One future park is included that on City owned land within the Traverse Green Subdivision totaling 5 acres.

The Standard for Public Recreation Facilities was adopted by the City Council on February 28, 1977 for park development within the community. The standards were reviewed and modifications have been made to park classification titles and service areas to comply with current national and state standards. These new standards were recommended by the Parks and Recreation Advisory Board and adopted by the City Council in 2002 and 2005, and were used by the Board to plan a park system to meet the City's needs and desires within the growth boundaries. This plan has now been updated using recommended guidelines from *National Parks, Recreation, Open Space and Greenways Guidelines* (National Recreation and Parks Association, 1996) and *Planning and Urban Design Standards* (American Planning Association, 2006.)

The City has 153.74 acres of established general use parks and 783.25 acres of land preserved as natural resource areas with a current replacement value of \$11,341,462. The existing parks were evaluated for:

- compliance with federal and state standards
- meeting changing citizen expectations; and
- meeting the needs of a growing population.

Improvements are set out in priority categories by the chart shown on each individual park page.

The City currently has four (4) outdoor sports complexes identified on a total of 108.74 acres. They are Gault Park which has three soccer fields and one softball/baseball field; Jefferson Park which has four competitive softball fields; Veterans Memorial Park which includes one competitive baseball field; and the new City/School sports complex and park, which includes a new baseball field, a softball field and multiple acres of green space.

Natural Resource Areas are abundant in Saint Peter and 18 additional areas are identified for City support for preservation, development or expansion for the future. Some of these areas already are being preserved and/or maintained by the Regional Treatment Center, Department of Natural Resources, or Gustavus Adolphus College

This parks master plan will be the basis for updating the trail master plan, sidewalk master plan and developing a five-year funding plan to begin the implementation of this master plan. The master plan will alert current land owners of the City's future park needs and provide developers a guideline for planning new development. The plan will also be a basis for the costs to be charged to developers to fund the expansion of the park system.

The Parks and Recreation Advisory Board will be considering adoption of the plan at their regular meeting on June 20th. Action by the City Council to formally adopt the plan, which is required by the City Code, will occur in the near future should the Parks Board adopt the plan on the 20th. Once the plan is officially adopted by the City Council, staff would work with the Parks Board to plan for more regular updates to coincide with changing demographics, development and environment considerations.

Due to the length of the Parks plan, a copy has not been included in the workshop packet. However, the public is welcome to review the draft plan at the Public Works Department during regular business hours.

Please feel free to contact us should you have any questions on this agenda item.

PM/JT/amg