



**Saint Paul** Minnesota  
*The most livable city in America*

# **2018 Proposed Budget Presentation to the City Council**

**Planning and Economic Development and  
Housing and Redevelopment Authority  
September 6th, 2017**

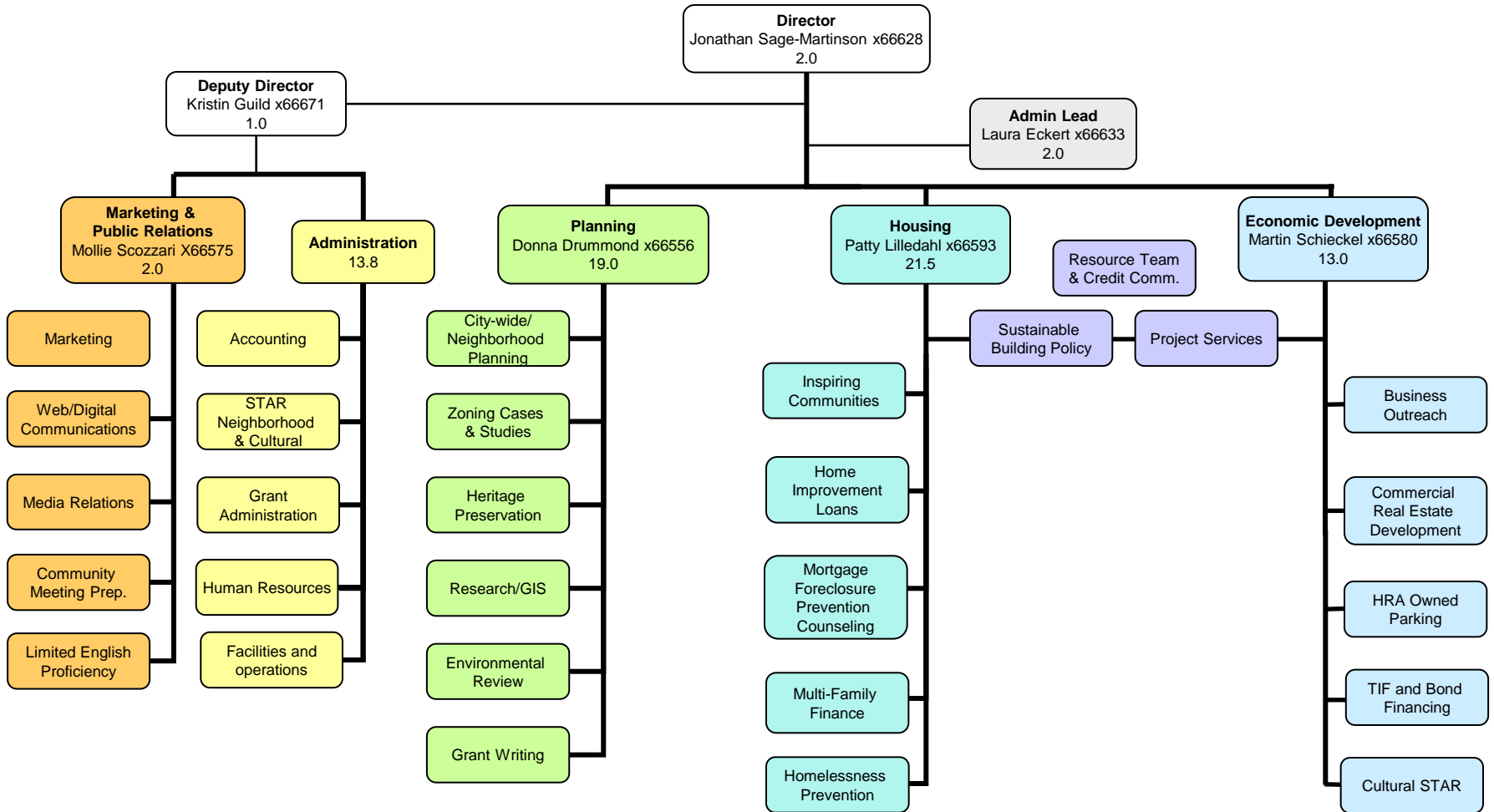


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# Department Overview

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# PED Organization Chart





# PED Business Line Descriptions

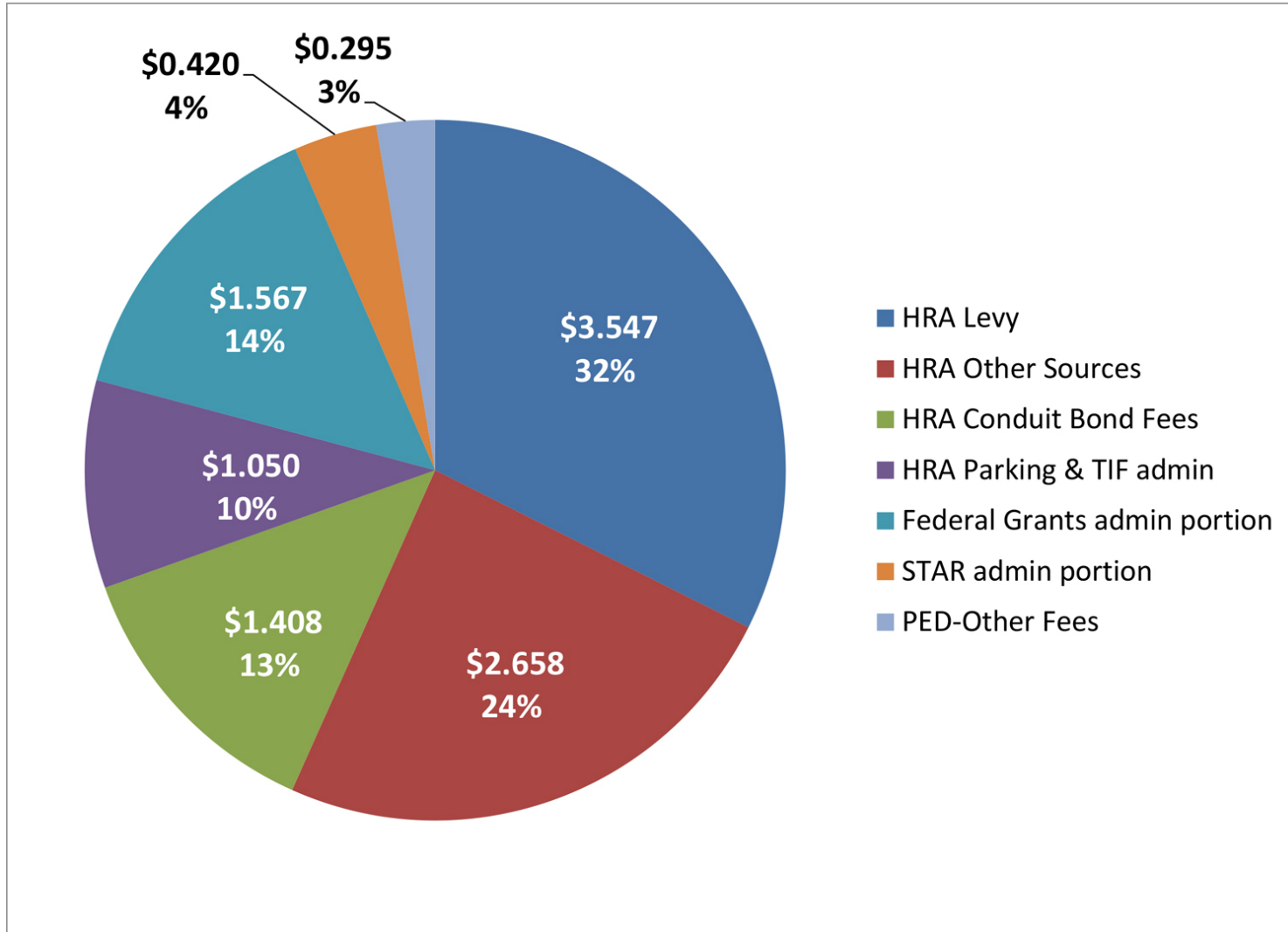
**Planning** – promotes the social, physical and economic well-being of residents, property owners and business owners of Saint Paul by working on citywide, neighborhood and major site plans, zoning, and providing local data and mapping.

**Economic Development** – works to increase the number of jobs in Saint Paul, increase access to those jobs for residents, grow our tax base, and lower unemployment among the City’s diverse populations with disproportionately high unemployment rates.

**Housing** – provides financing for housing development and rehabilitation for single family homes as well as several-hundred unit apartments to provide residents with opportunities for quality housing. Provides guidance on housing policy.

**Administration** – prepares the department budget and annual financial reports, manages the department loan portfolio, oversees the STAR program, and manages Federal HUD grants for the city.

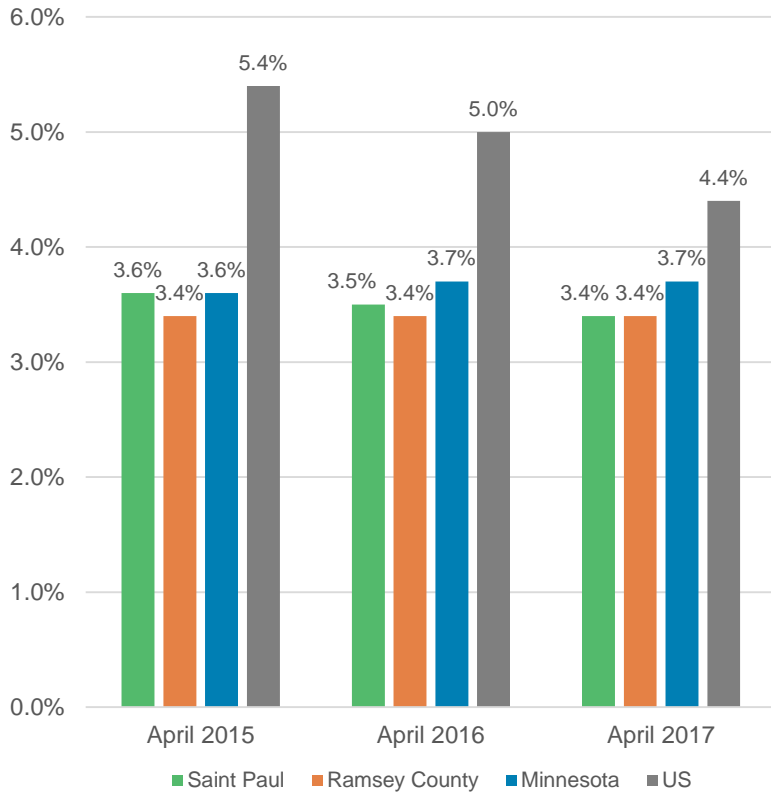
# PED operations budget sources, in \$ millions, total \$10.945M





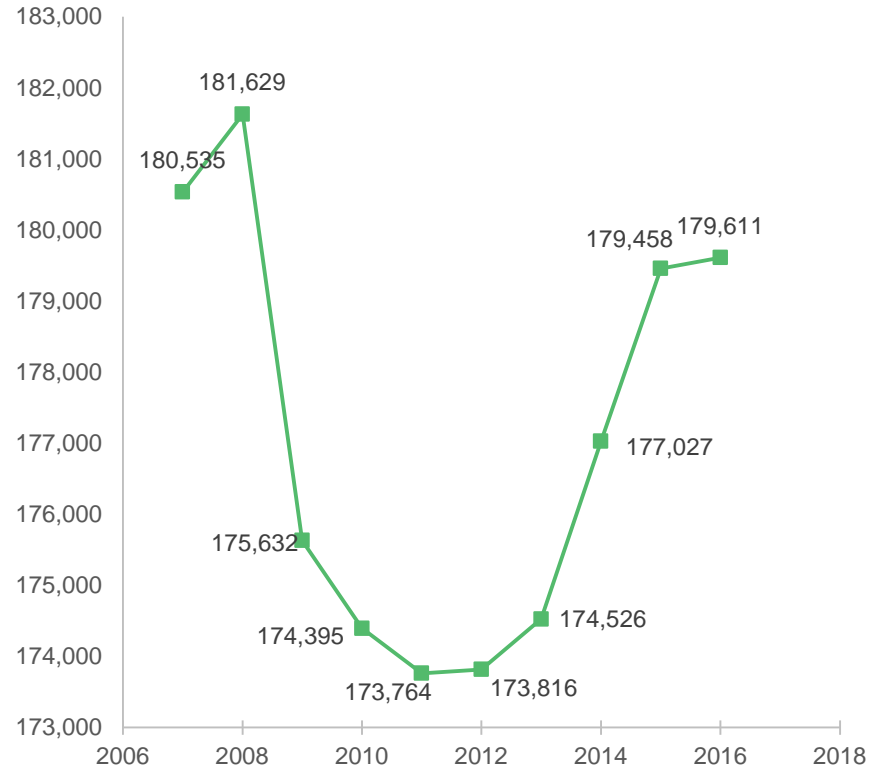
# Economic Trends

### Unemployment rate in Saint Paul & beyond



Source: Minnesota Department of Employment and Economic Development

### Employment in Saint Paul, annualized numbers



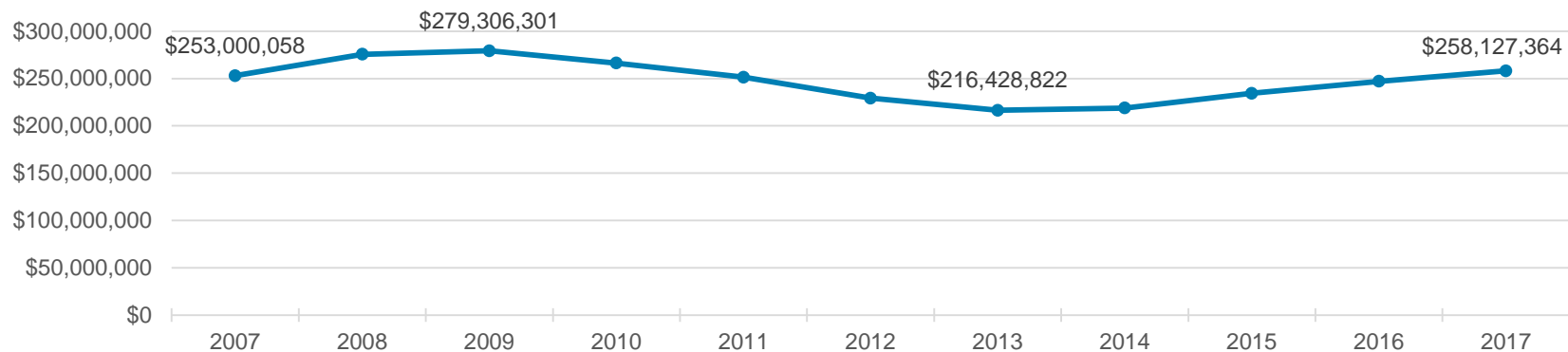
Employment indicates the number of positions within the City of Saint Paul, regardless of which city employees live in. Total job statistics are based on annual estimates.

Source: Minnesota Department of Employment and Economic Development



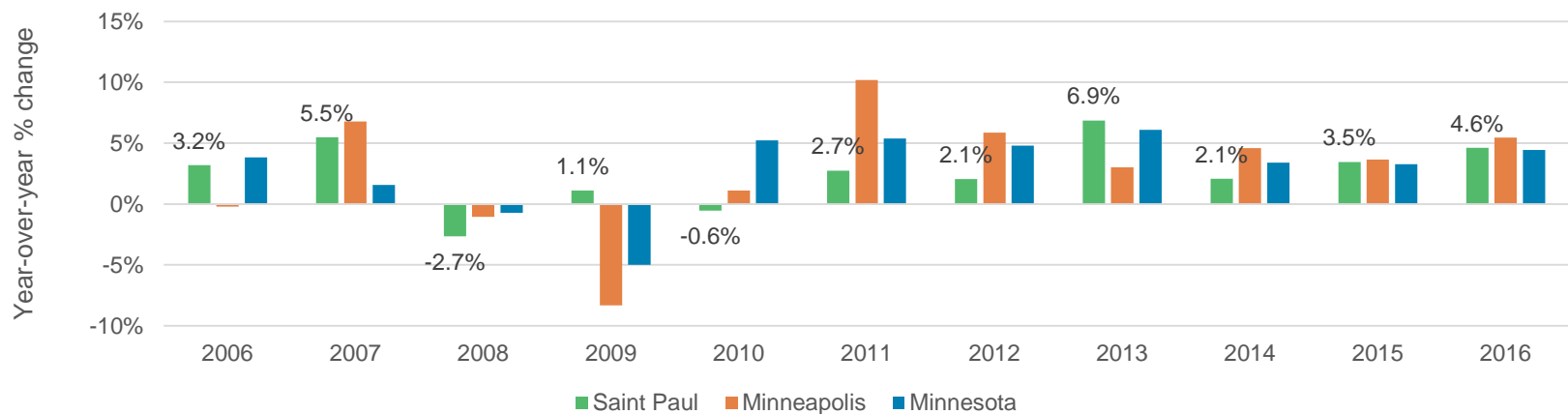
# Economic Trends

## Total citywide tax capacity



Source: St. Paul Office of Financial Services

## Sales and use tax annual growth rates

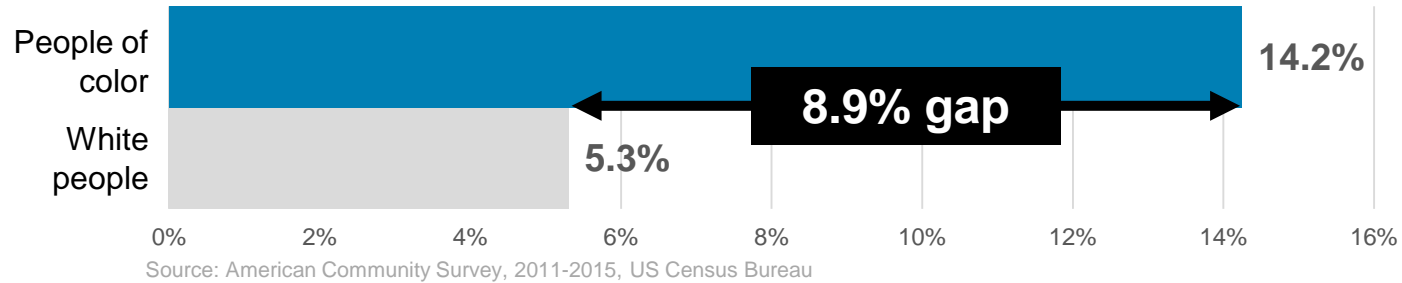


Source: St. Paul Office of Financial Services. 2016 data is projected data.

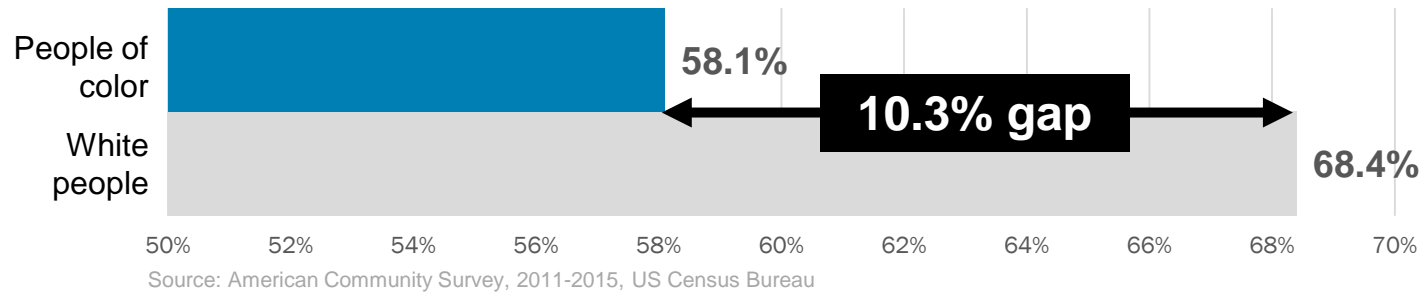


# Racial Equity Metrics

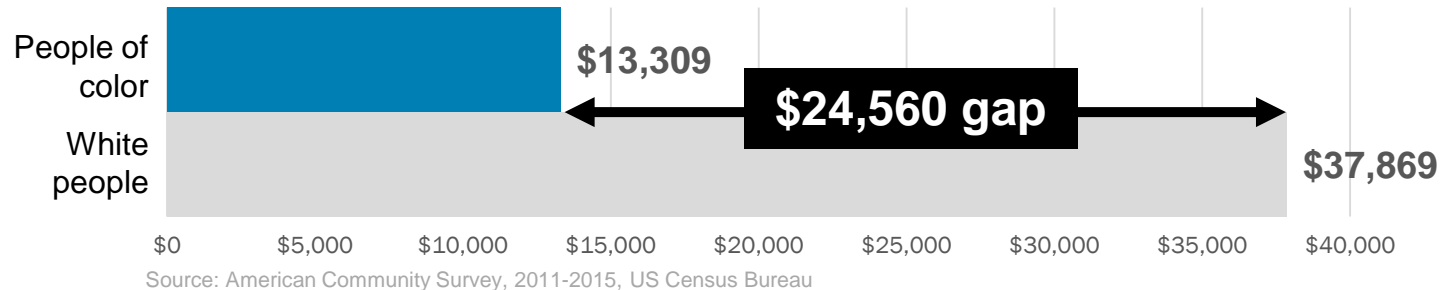
**Unemployment rate: racial/ethnic disparity in Saint Paul**



**Labor force participation rate: racial/ethnic disparity in Saint Paul**



**Per capita income: racial/ethnic disparity in Saint Paul**

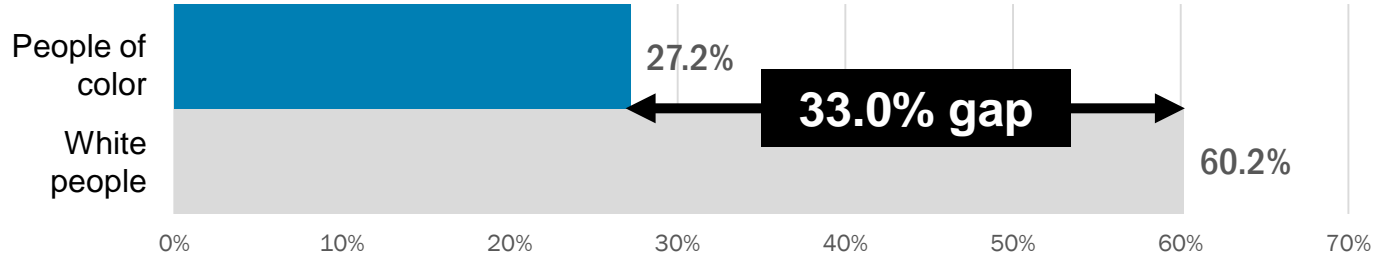






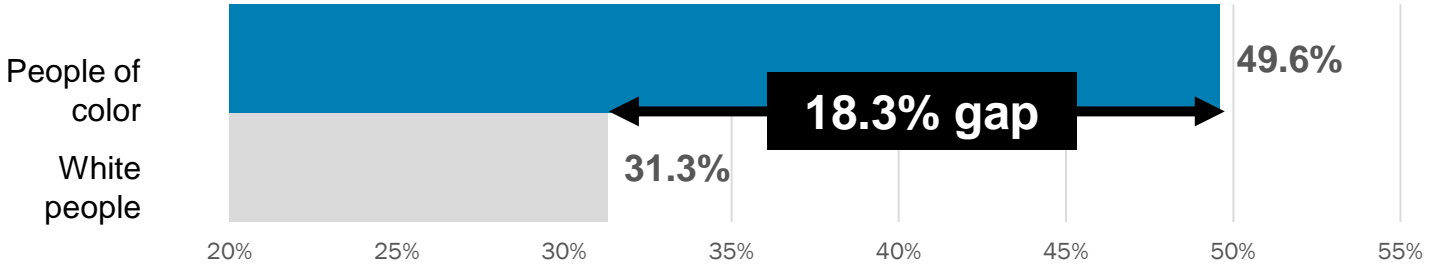
# Racial Equity Metrics

**Homeownership rate: racial/ethnic disparity in Saint Paul**



Source: American Community Survey, 2011-2015, US Census Bureau

**Cost-burdened households: racial/ethnic disparity in Saint Paul**



Source: American Community Survey, 2011-2015, US Census Bureau



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# Strategic Goals

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# PED Strategic Objectives

Goals	Strategic focus areas	Targets for 2017	Performance
1) Increase vitality, livability, and investment in the city.	<p>Comprehensive Plan 10 year update; vision through 2040</p> <p>Increase transit options for connections to jobs and housing.</p> <p>Update zoning code and design guidelines to promote investment and vitality.</p>	<p>Complete draft plan document.</p> <p>Active engagement in regional transit planning.</p> <p>Research underway fall 2017 for winter city design guidelines and parking requirements review.</p>	
2) Capture market momentum on key redevelopment sites	<p>Snelling-Midway</p> <p>Ford Site</p> <p>West Side Flats</p> <p>Hillcrest site</p> <p>Downtown sites</p>	<p>Negotiate development details</p> <p>Zoning &amp; Public Realm plans in public review</p> <p>Negotiate development agreements</p> <p>New opportunity in 2018</p> <p>Macy's – Construction; Gateway – development agreement; W County – developer selected</p>	

# PED Strategic Objectives

Goals	Strategic focus areas	Targets for 2017	Performance
3) Preserve and increase jobs and tax base	<p>Increase jobs in Saint Paul</p> <p>Maintain unemployment rate in Saint Paul relative to the State rate</p> <p>Increase tax capacity in Saint Paul</p>	<p>Increase Saint Paul jobs by 3,000 over 3 years, starting 2016</p> <p>Maintain unemployment rate in Saint Paul relative to the State rate</p> <p>Increase total tax capacity by 15% over 3 years starting 2016</p>	
4) Increase and improve housing options for growing the population	<p>Expand decent, safe, affordable housing choice:</p> <ul style="list-style-type: none"> <li>• Support new construction and preservation of affordable housing</li> <li>• Invest in existing housing stock</li> </ul>	<p>Population: 304,442 (2016), up from 300,353 (2015)</p> <p>Housing Targets:</p> <ul style="list-style-type: none"> <li>• Affordable rental units– 290</li> <li>• Affordable ownership units– 30</li> <li>• Homeowner assistance loans -35</li> <li>• Rental rehab loans –10</li> </ul>	

# PED Strategic Objectives

Goals	Strategic focus areas	Targets for 2017	Performance
5) Expand access to opportunity and housing choice; addressing racial disparities in employment and housing	Coordinate ED and Housing investments to maximize access to jobs and housing opportunities	Coordinate investments at staff level and HRA Board; implemented Project Evaluation Tool to assess racial equity impacts	
	Create new affordable rental housing outside of ACP50 areas	No target set	
	Address racial disparities in homeownership	Inspiring Communities and Homeowner Rehab program have positive outcomes for people of color	
	Address racial disparities in unemployment rates	14.2% unemployment among Saint Paul residents of color	
	Support business expansion in ACP50 areas	No target set	
6) Increase department effectiveness	Centralize key administrative functions	New HP team supervisor position Create a centralized Loan Servicing group	
	Develop systems technology for data management	Preliminary assessment of data management needs for effective operations	



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# Budget Proposals

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# Financial Summary

	2017 Adopted	2018 Current	% Change	FTEs
Special Funds	\$51,974,163	\$50,915,198	2% decline	74.3

Significant Investments in Previous Cycles (all one time)		
2017	Rental Rehab Loan Program	\$750,000
2017	Innovation Cabinet	\$50,000
2017	Cohen Memorial	\$100,000
2017	Community Revitalization Fellow	\$120,000



# Previous Recent Investments

Describe how that funding has been used and results to date?

## Rental Rehab Program

Program guidelines were adopted by the HRA Board on July 26, 2017 for loans of up to \$30,000 for property improvements to rental buildings. Letters were sent to eligible property owners and District Councils the following week and local media featured the program. We expect to start receiving applications soon.

## Innovation Cabinet

Business thought leaders and City staff convened as an Innovation Cabinet in early 2017 to develop targeted strategies to attract and grow jobs in the tech and innovation sectors. The Cabinet released recommendations in July focused on a public-private partnership to nurture our talent pipeline, ramp up sector networking and events, and address real estate needs. These funds were used to hire a consultant to staff the Cabinet. A budget request for implementation dollars in 2018 follows.

Cohen Memorial – Fundraising nearly complete. The design will be finalized between October and December 2017 with construction expected in 2018.

## Community Revitalization Fellow

In the first six months of this year-long fellowship, a cross-departmental team has mapped neighborhood assets and City investments to assess where we could/can/might do more. Meeting with a broad group of community stakeholders, we have generated a new level of awareness and a sense of urgency around the needs of the North End neighborhood, and there is early foundation interest in funding to catalyze investment.



# PED/HRA support for other departments

		2015	2016	2017	2018	Change from
		Budget	Budget	Budget	Budget	2017
HREEO Support		\$756,113	\$784,048	\$819,540	\$841,787	\$22,247
HRA Board of Commissioners		\$183,233	\$183,233	\$183,233	\$183,233	-
Policy Analyst		\$84,322	\$84,322	\$84,322	\$84,322	-
Mayor's Office staffing		\$105,422	\$105,422	\$105,422	\$105,422	-
Right Track		\$66,437	\$66,437	\$191,437*	\$191,437	-
General Govt Staff	Citizen Participation	\$18,486	\$18,486	\$18,486	\$18,486	-
	Intergovernmental Relations	\$40,000	\$40,000	\$40,000	\$40,000	-
	<b>Totals</b>	<b>\$1,254,013</b>	<b>\$1,281,948</b>	<b>\$1,442,440</b>	<b>\$1,464,687</b>	
	<b>% of PED operations budget</b>	<b>13%</b>	<b>12.5%</b>	<b>14%*</b>	<b>13.4%</b>	

\* 2017 includes an additional one-time support of \$125,000 for Right Track from Penfield sales proceeds. In 2018 these additional resources to Right Track are proposed to become ongoing and they have been included in the HRA Outlook projections.

# Summary of 2018 Budget Changes

Program	Total Cost
Job Opportunity Fund	budget neutral
Innovation Cabinet/ Full Stack Saint Paul	\$300,000
Inspiring Communities*	\$300,000
Rental Rehab/Homeowner Rehab*	\$100,000
Fair Housing Analysis of Impediments follow up studies	\$20,000
Data Management assessment	\$100,000
Comprehensive Plan and other planning studies	\$25,000
<b>Citywide</b> updates to Sustainable Building Policy**	\$10,000
City membership East Metro Strong	\$20,000
Additional contribution to Right Track program*	\$125,000

# Job Opportunity Fund

Is this proposal tied to a department strategic objective?

Yes    Goals 3 & 5: Preserve and increase jobs and tax base; Expand access to opportunity

## Description

Purpose of Job Opportunity Fund:

- To promote job growth in Saint Paul, especially in ACP50 areas.
- To reduce employment disparities for people-of-color in Saint Paul.

Program Summary:

- \$500,000 fund as a pilot program to test concept, drawing from fund balance of HRA Loan Enterprise Fund dollars previously allocated to Business Assistance.
- \$10,000 - \$15,000 per new job to be created.
- Incentive-based program relative to job requirements.

Estimated Costs		FTEs	Funding
General Fund	Special Fund	Additional	One-time (yes/no)
	Budget neutral		yes



# Innovation Cabinet/Full Stack Saint Paul

Is this proposal tied to a department strategic objective?

Yes      Goal 3: Preserve and increase jobs and tax base

## Description

The Innovation Jobs Cabinet is a public-private effort to grow, retain, and attract innovative companies in Saint Paul. The Cabinet has outlined three strategies: 1) telling the story of business innovation in Saint Paul, 2) creating opportunities for innovators to connect and build the talent pipeline, and 3) creating spaces attractive to growing innovation sector companies and workforce.

To support implementation of the Innovation Cabinet recommendations, now branded as Full Stack Saint Paul, we propose investing \$300,000 in the first year. This includes up to \$125,000 in promotion and marketing, as well as support of sector convenings, and \$175,000 to join the MSP TechHire initiative to build our talent pipeline. We anticipate supporting the real estate-focused strategy with other departmental predevelopment resources.

Estimated Costs		FTEs	Funding
General Fund	Special Fund	Additional (if applicable)	One-time (yes/no)
	\$300,000		yes



# Inspiring Communities

Is this proposal tied to a department strategic objective?

Yes

Goals 4 & 5: Increase and improve housing options; Expand access to housing choice

## Description

- The Inspiring Communities program has stabilized communities following the foreclosure crisis by acquiring, redeveloping and reactivating hundreds of homes.
- We are now addressing some of the most challenging properties, primarily vacant lots where new homes will be constructed.
- Due to the increased expense, the HRA recently raised the available development subsidy from \$150,000 to \$175,000.
- There is a need for flexible City dollars due to restrictions on using CDBG dollars for new construction.
- An infusion of \$300,000 in flexible dollars will provide a development subsidy to produce 2-3 housing units and provide homebuyer assistance for purchasing households.

Estimated Costs		FTEs	Funding
General Fund	Special Fund	Additional (if applicable)	One-time (yes/no)
	\$300,000		Yes, though ongoing need

# Housing Rehab Loan Programs

Is this proposal tied to a department strategic objective?

Yes      Goals 4 & 5: Increase and improve housing options; Expand access to housing choice

## Description

The City has two programs to support improvements in single family homes occupied by low income residents: the longstanding Homeowner Rehab Loan program supported with Federal CDBG dollars and the new Rental Rehab Loan program.

These flexible HRA dollars would augment any shortfalls in the \$775,000 of CDBG proposed for the Homeowner Rehab Loan program or further capitalize the new Rental Rehab Loan program targeted to improving Class C and D occupied rental properties up to four-plexes. The Rental Rehab Loan Program is being piloted in 2017 with seed funds of \$750,000. Capital invested is expected to partially revolve.

Estimated Costs		FTEs	Funding
General Fund	Special Fund	Additional (if applicable)	One-time (yes/no)
	\$100,000		Yes, though ongoing need

# Fair Housing Analysis of Impediments

Is this proposal tied to a department strategic objective?

Yes      Goal 5: Expand access to opportunity and housing choice

## Description

As a recipient of HUD funds, the City is required to conduct an Analysis of Impediments to Fair Housing including: 1) segregation and integration, 2) areas of concentrated poverty, and 3) indicators such as quality education, proximity to jobs, and community safety.

We recently completed a regional Analysis of Impediments, identifying eight Fair Housing objectives. Deputy Mayor Beckmann and Councilmember Brendmoen have convened a work group to pursue specific citywide implementation strategies. We anticipate a need in 2018 for resources for either regional or city initiatives including community outreach, data tracking, or consultant services to assess progress.

Estimated Costs		FTEs	Funding
General Fund	Special Fund	Additional (if applicable)	One-time (yes/no)
	\$20,000		yes

# Data Management assessment

Is this proposal tied to a department strategic objective?

Yes

Goal 6: Increase department effectiveness

## Description

PED currently manages our investment and property management data in a number of different systems, most of them stand-alone spreadsheets with numerous owners. Very little funding or human capital has been invested in establishing, upgrading and maintaining data systems that are critical to effective management of City and HRA assets. This represents a liability for responsible asset management as well as document management expected by auditors. Further, data requests consume significant staff time, and we are unable to provide our investment information through the City's information portal.

We have performed a preliminary scan of our data management systems and sought guidance from OTC leadership who have recommended that we work with them to hire a Business Analyst on contract in 2018 to define a coherent data management system.

Estimated Costs		FTEs	Funding
General Fund	Special Fund	Additional	One-time (yes/no)
	\$100,000		Yes



# Comprehensive Plan and other planning studies

Is this proposal tied to a department strategic objective?

Yes      Goal 1: Increase vitality, livability and investment in the city.

## Description

- 2018 is the third year of a three year process to update the City’s Comprehensive Plan, due to the Metropolitan Council at the end of 2018.
- The plan lays out a vision for the city’s growth and development to 2040. Key to successful implementation of the plan by City officials, departments and community members is knowledge of the plan’s goals, objectives and policies and how these can be applied to public and private investment decisions.
- Funds are requested to develop engaging materials in various formats to communicate the plan’s big ideas to a variety of audiences as well as for unanticipated planning studies to supplement planning staff’s capacity to respond to priorities set by the Mayor and Council in 2018.

Estimated Costs		FTEs	Funding
General Fund	Special Fund	Additional	One-time (yes/no)
	\$25,000		Yes, though ongoing need

# Sustainable Building Policy update

Is this proposal tied to a department strategic objective?

Yes      Goal 1: Increase vitality, livability and investment in the city.

## Description

- The Sustainable Building Policy was adopted in 2010, stipulating review and update in 2 years.
- The green building standards referenced in the Policy are out of date. For example, the Policy references LEED version 2.2 (current version 4), and the ASHRAE standards are out of date.
- PED is currently using \$7,000 in HRA resources to fund the review in 2017.
- In 2018, consultant work estimated at \$20,000 will be required to update standards, calculators, training materials, and implementation practices.
- The policy applies to all new City construction projects and development projects with a City/HRA investment of \$200,000 or more.
- We propose that PED pay half of the 2018 update cost in addition to the \$7,000 currently invested in the review stage, and the remaining \$10,000 be allocated from the City's General Fund.

Estimated Costs		FTEs	Funding
General Fund	Special Fund	Additional	One-time (yes/no)
\$10,000	\$10,000		Yes

# City membership in East Metro Strong

Is this proposal tied to a department strategic objective?

Yes

Goal 1: Increase vitality, livability and investment in the city.

## Description

East Metro Strong, a transit and economic development advocacy group pursuing transit investment to support business growth in the East Metro, has requested that the City of Saint Paul provide financial support to the efforts through a \$20,000 membership. East Metro Strong is advocating for five additional transit lines, with a hub in downtown Saint Paul: Gateway, Red Rock, Riverview, Rush Line and Robert Street.

The organization's total budget is \$200,000. Other contributors include the Saint Paul Area Chamber of Commerce, the Saint Paul Foundation, Washington County, Ramsey County, and the McKnight Foundation.

Estimated Costs		FTEs	Funding
General Fund	Special Fund	Additional (if applicable)	One-time (yes/no)
	\$20,000		yes

# Additional contribution to Right Track

Is this proposal tied to a department strategic objective?

Yes

Goal 5: Expand access to opportunity and housing choice; addressing racial disparities in employment and housing

## Description

PED has for the past several years contributed \$66,437 of flexible HRA dollars to support the operations of the Right Track program. In 2017, an additional \$125,000 from Penfield sale proceeds were invested in the program.

To support the Right Track program’s work toward our department goal of expanding access to opportunity and address racial disparities in employment, we propose to increase the HRA contribution by \$125,000 moving forward, to a total of \$191,437.

\$371,000 of CDBG dollars are also allocated annually to support the Right Track program operations.

Estimated Costs		FTEs	Funding
General Fund	Special Fund	Additional (if applicable)	One-time (yes/no)
	\$125,000		No – proposed continued additional contrib built into HRA Outlook

# HRA property tax levy

## HRA PROPERTY TAX LEVIES AND PROPERTY VALUES Last Ten Fiscal Years

Prepared on August 16, 2017

LEVY - PAYABLE	2013	2014	2015	2016	Final 2017	Proposed 2018*
Taxable Market Value (Real and Personal Property)	18,187,359,400	18,388,992,700	18,425,451,200	19,709,227,700	20,563,822,400	22,091,435,000
State Law Maximum Levy Rate (% of Taxable Market Value)	0.0185%	0.0185%	0.0185%	0.0185%	0.0185%	0.0185%
Maximum Tax Levy per State Law	\$ 3,364,661	\$ 3,401,964	\$ 3,408,708	\$ 3,646,207	\$ 3,804,307	\$ 4,086,915
Actual Tax Levy Certified	3,178,148	3,178,148	3,278,148	3,278,148	3,546,597	3,822,159
Actual Levy under Maximum	186,513	223,816	130,560	368,059	257,710	264,756
% of Actual Levy to Maximum	94.46%	93.42%	96.17%	89.91%	93.23%	93.52%

\* Estimated Market Value provided by Ramsey County on 3/14/2017.

Market Value data provided by Ramsey County

Beginning in 2013, Taxable Market Value is replaced with Total Estimated Market Value  
The levy is based on prior year's market value but is applied to current year's net tax capacity

**Proposal: Increase levy by \$275,562, which captures half of the variance between the 2017 certified levy and the 2018 maximum levy per state law (\$540,318) plus 2% shrinkage.**



# PED 2018 Budget Proposal STAR

## Sales tax collections continue to perform well

### Neighborhood STAR proposal

- \$2.9M (\$1M higher than 2017's program budget) for competitive grant round

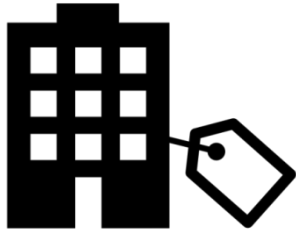
### Cultural STAR proposal

- \$1.2M for two competitive grant rounds
- Ordway contribution ends and Children's Museum contribution increases to \$300,000
- Additional one-time funds for Library materials - \$125,000 (total \$300,000)

### Economic Development Proposal – continue \$1M investment in ED

- Ford/Hillcrest sites predevelopment work - \$200,000
- Design Center City staffing - \$50,000
- Commercial Vitality Zone – 4<sup>th</sup> year - \$750,000
  - Snelling-Midway infrastructure
  - Second location to be selected

# PED/HRA revenues – property sales & parking fund



## Significant recent **land sales**

- Victoria Park (2015): \$2.976M – to HRA Loan Enterprise Fund
- The Lofts (2015): \$12.879M - \$2M to HRA Loan Enterprise Fund after debt & other funds were repaid
- Penfield: (2016): \$28M - \$5.25M to HRA Loan Enterprise Fund after debt and other funds repaid and 2017 one time uses

## **Parking revenues** continue to be strong

- 2015 actual \$13.5M
- 2016 actual \$14.4M, not including \$2.23M returned from Penfield sale
- Q1 2017 actual \$3.98M – trending over \$13.6M budgeted
- Projected unrestricted cash, end 2017: \$5.29M



2018 Budget Revenue: \$15.6M

# PED/HRA 2018 Budget Proposal

## Parking Fund - \$5.29M unrestricted at 2017 year end

Transfer for Parking Meter Operational Expenses*	\$345,000
Structural Repairs to River Centre Ramp*	\$500,000
Neighborhood Parking Improvement Program*	\$500,000
World Trade Center ramp - estimate of Option Termination Payment	\$3,000,000

\* Proposed investments same as 2017; Neighborhood Parking Improvement Program dollars budgeted in 2017 went to street maintenance needs

Remainder proposed to increase Parking Fund reserves. Could in the future be directed to River Centre ramp.



# PED/HRA fees

	2012	2013	2014	2015	2016
ZONING FEES	\$70,180	\$47,600	\$61,879	\$67,023	\$47,993
LOAN ORIGINATION AND CLOSING FEES (STAR, business and housing loans, pass through grants, real estate closing fees)	\$90,998	\$116,359	\$114,384	\$96,573	\$69,704
APPLICATION FEE (financing, conduit bonds and pass through grants, attorney fee)	\$164,868	\$232,988	\$364,447	\$262,837	\$192,195
CONDUIT BOND SERVICE FEES	\$2,289,624	\$1,262,497	\$1,538,704	\$2,282,579	\$2,116,707
<b>TOTAL</b>	<b>\$2,615,670</b>	<b>\$1,659,444</b>	<b>\$2,079,414</b>	<b>\$2,709,012</b>	<b>\$2,426,599</b>

Notes:

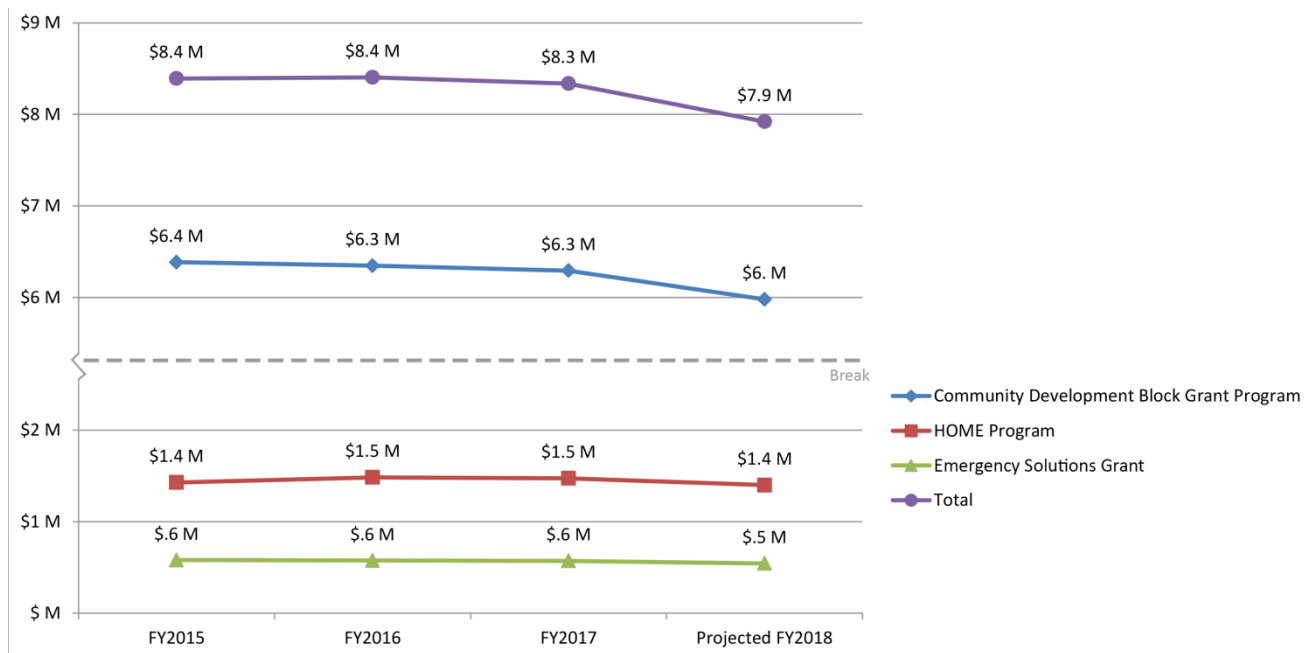
- Zoning fees are driven mostly by economic conditions.
- Application fees are highly influenced by fees from larger projects and economic conditions can affect them.
- Includes fees charged for City Attorney services and developer deposit fees retained.

# Grant Funding

## Redevelopment and Housing Grants

- In 2016, PED secured 15 grants for brownfield remediation and property redevelopment totaling \$5.87M (2015 awards totaled \$5.93M)
- Also in 2016, we secured an additional \$984,000 in grants for single family housing development, housing repair, and foreclosure prevention counseling. (\$346,000 in 2015)

## HUD Grants



### Assuming a 5% cut in 2018 for all HUD programs. Larger cuts are possible

20% of the annual CDBG allocation to the City goes to the PED operations budget for staffing for CDBG program administration  
30% goes to PED programs including Inspiring Communities, homeownership rehab loans, and business loans  
50% goes to contracts with community partners including District Council community engagement and CDC-operated programs and to other City departments including DSI for building demolitions and Parks

# PED/HRA Federal Grant Cuts scenario

## **CDBG – current proposed budget would cut entire program – program year June 1, 2018 - May 31, 2019**

- Our submitted dept operating budget assumes just a 5% cut, based on recent trends.
- If the CDBG program is cut, there will be impacts starting June 1, 2018 to:
  - District Council community engagement dollars,
  - the Right Track program,
  - DSI's building demolition work,
  - Capital investments in affordable housing and business expansion,
  - awards made to CDC's through the CIB process for 2018 and 2019, and
  - PED's operations budget (CDBG is 11.5% of the dept's operating budget).
- Balances for CDBG capital investments will cushion those activities from a significant immediate impact in 2018.
- Our proposed plan for PED's operations budget if the program is cut is to amend the budget to utilize HRA resources for the balance of the year's payroll budgeted to CDBG dollars .
- If the program were cut entirely, the payroll impact in 2018 would be \$725,000. A more realistic assumption is for the program to be cut 50%. We've incorporated the impact on the HRA Outlook for a 50% cut in 2018 and beyond. The impact on the HRA outlook follows on slide 36.



# HRA Outlook

**HRA Outlook**  
**HRA General Fund 2100 and Loan Enterprise Fund 6820**  
**Updated Projections August 16, 2017 for Proposed 2018 Budget**

	<u>Projected 2018</u>	<u>Projected 2019</u>	<u>Projected 2020</u>	<u>Projected 2021</u>
<b>Beginning Fund/Cash Balance 5% Cut</b>	18,808,289	12,649,457	7,067,684	1,200,298
<b>Beginning Fund/Cash Balance 50% Cut</b>	18,808,289	12,269,162	6,015,896	(543,128)
<b>Total (Decrease)/Increase in Cash with 5% CDBG Cut</b>	(6,158,832)	(5,581,773)	(5,867,386)	(5,783,213)
<b>Total (Decrease)/Increase in Cash with 50% CDBG Cut</b>	(6,539,127)	(6,253,266)	(6,559,024)	(6,495,600)
<b>Total Reserves with 5% CDBG Cut</b>	2,562,696	2,651,032	2,716,992	2,818,482
<b>Total Reserves with 50% CDBG Cut</b>	2,619,741	2,751,755	2,820,738	2,925,340
<b>Ending Fund/Cash Balance Over/(Under) Reserves Assuming 5% CDBG Cut</b>	10,086,761	4,416,652	(1,516,694)	(7,401,397)
<b>Ending Fund/Cash Balance Over/(Under) Reserves Assuming 50% CDBG Cut</b>	9,649,421	3,264,141	(3,363,866)	(9,964,068)

**Assumptions:**

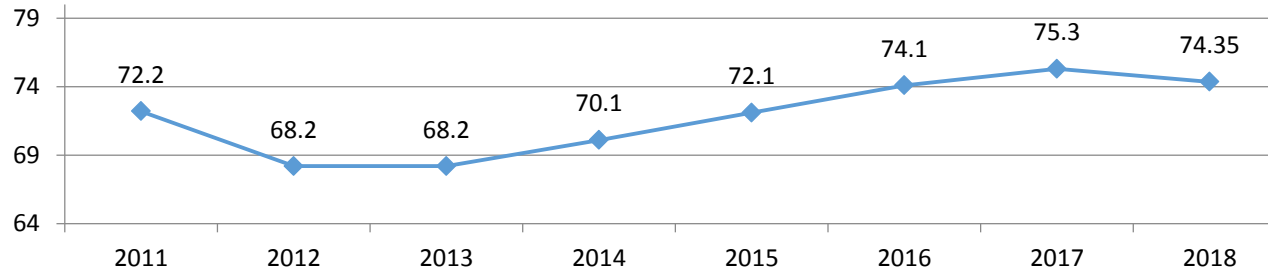
Projected 2018 assumes that the HRA tax levy will be increased by \$275,562 which is half the maximum allowable plus 2% shrinkage.

Projected 2019 through 2023 assumes no increases in the HRA tax levy.

Projected 2018 through 2021 assumes 3% inflationary increases for operating expenses except for property maintenance.

# FTE History

## Planning and Economic Development FTE History 2011-2018



We do not propose any changes in FTEs in 2018. The slight decrease in FTEs between 2017 and 2018 is due to the near-completion of the Community Vitality Fellowship ending in early 2018 and several small personnel adjustments to reflect current payroll.

### Current vacancies:

- Business Outreach Coordinator – created new title, interviewing candidates
- Public Information Officer – interviewing candidates
- Loan Servicing and Real Estate Supervisor – creating new centralized service unit, creating new title for posting this fall
- Support staff for new centralized loan servicing group, posting this fall
- Grants Specialist – adding to centralized Grants team to address increased compliance requirements



# Innovation

What innovations has your department accomplished in the last year and what further improvements are planned for 2018 and beyond? If your department has worked on projects with the Innovations Team, please describe them.

- Economic Development Strategy update completed
- Business outreach and streamlining in partnership with the Department of Safety and Inspections and the Innovation Team including:
  - Created a new Business Resources tab on the City's website with information about resources, navigating the regulatory process, and doing business with the City
  - Promoting the Business Resource Center with a mobile tool kit for events
  - Working to shift the Business Resource Center call line to the DSI call center
- Rebuilt the Market Watch trends report as a continually updated web report
- Innovation Cabinet formation and recommendations
- Rental Rehab Loan Program
- Fair Housing workgroup
- Comprehensive Plan engagement strategies increased participation more than 10-fold from 200 to over 2,000, with proportional representation by people of color



# Cost Saving Efficiency

What cost-saving efficiency has your department implemented and what is the estimated annual \$ savings? Are there further improvements planned for 2018 and beyond, what is the estimated annual cost savings?

- With our existing three staff positions focused on Historic Preservation created a new team structure for our Historic Preservation group, including a new team supervisor role to provide clear policy leadership and workflow direction. This team is identifying workflow efficiencies for more streamlined reviews and improved customer service. They are also pursuing a new Historic Preservation review fee.
- Did not replace a Division Director upon retirement. Functions formerly reporting to the Division Director now reporting to the Deputy Director (\$150,000 saved salary and fringe).
- Invested in staff training in development and business finance through National Development Council courses offered locally (\$5,500 saved travel costs)
- Creating a new centralized loan servicing and real estate group that will manage the 2,000 loans and 344 properties that comprise the department's portfolio. This will free up project manager time and provide more focused professional management of these assets.



# Racial Equity

How do the department's budget proposals for 2018 impact racial equity in Saint Paul?

Racial Equity is at the core of the department's budget proposal, as articulated in Goal 5: Expand access to opportunity and housing choice; addressing racial disparities in employment and housing.

## Addressing employment disparities

- Job Opportunity Fund
- Innovation Cabinet implementation – support coding pipeline targeted to people of color
- Additional dollars to support the Right Track program addresses long term employment disparities by preparing the workforce

## Decreasing racial disparities in housing

- Inspiring Communities program
- Additional funds proposed for homeownership rehab program (both CDBG and HRA)
- Additional funds proposed for rental rehab program (HRA)
- Fair Housing implementation – funds requested to invest in outreach and studies of outcomes
- Housing revenue bonds invested in non-impacted areas – 600 new units expected

In 2017, PED implemented a Project Evaluation Tool that prompts a racial equity impact assessment of all proposed real estate investments.



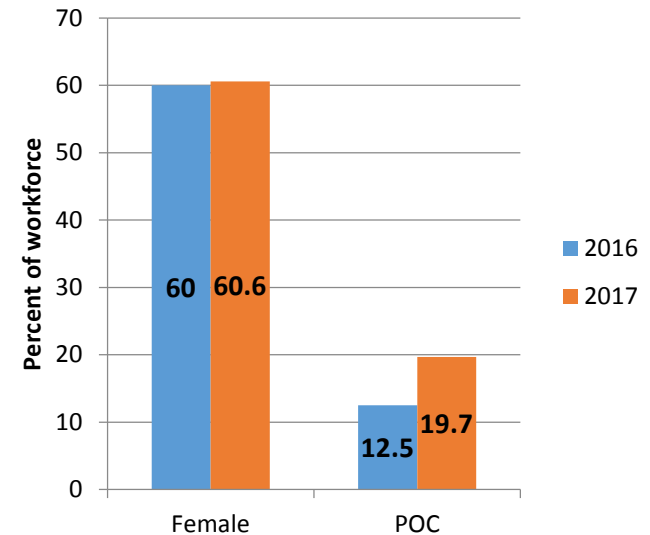
# Racial Equity

## How is the department working to increase workforce diversity?

Following strategies outlined in our department racial equity action plan, PED is working to increase the racial diversity of our staff team. We are:

- Removing barriers to applications, employing a resume review rather than an essay question exam for most postings
- Modifying posting language to accurately and succinctly describe the role, emphasizing our mission and benefits
- Incorporating cultural competency questions in all interviews and diverse panelists on interview panels
- Engaging our staff and community networks to get the word out about postings

### Workforce Characteristics



- Actively working to create a culture of openness and trust important to a culturally competent workforce and retaining talented staff



# Future Outlook

How does your department plan to address changing service demands as a result of current and future demographics? Looking ahead 5-10 years, do you anticipate that your department will face additional significant budget needs or pressures, and how do you plan to address them?

- Cuts to Federal grants (CDBG, HOME and ESG) and sunseting of NSP
- Parking system strong revenues AND capital investment needs
- No significant property sales on the horizon to replenish HRA resources for operations and future investment
  
- Metro worker shortfall projected
- Aging population means different needs for housing, mobility and services.

If you had additional funding, what would you do to improve service delivery to the public or meet an unmet need?

No General Fund funding to the department means that all operational and program costs must be covered by revenues. This requires careful ongoing balancing of expenditures and revenues.

With more resources, we would recommend expanding the Job Opportunity Fund and the Rental Rehab program and providing additional flexible dollars to the Inspiring Communities program.