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MEMORANDUM

TO: HONORABLE MAYOR AND CITY COUNCIL
FROM: JOSHUA TETZLAFF, CITY ADMINISTRATOR
SUBJECT: ARPA SPENDING UPDATE AND REQUESTS
DATE: JULY 11, 2024

Back in the summer of 2021, the City received American Rescue Plan Act (ARPA) funding worth \$902,999.14. The requirements for spending the money included that it needed to be spent, or under contract to spend, by the end of 2024. With the end of 2024 being less than six months away, I wanted to provide an update on how the City has spent the funding this far, how it intends to spend the remainder of the funds, and a request for spending unused funds.

Below is a short summary of how ARPA funds have been spent:

- 2021 - \$902,999.14 Available
 - No spending
- 2022 - \$902,999.14 Available
 - \$36,778 – City Server Upgrade
- 2023 - \$866,221.14 Available
 - \$209,671 – Parks, Sidewalk Machine
 - \$69,685 – Administration, ERP Software
 - \$56,735 – Police, Car & Equipment Installation
 - \$52,941 – Police, Car & Equipment Installation
 - \$52,917 – Police, Car & Equipment Installation
 - \$45,263 – Police, Car & Equipment Installation
 - \$59,056 – Planning, Comprehensive Plan
- 2024 - \$320,253.14 Available
 - \$190,253.14 – Streets, 5-ton Dump Truck (total cost is \$203,366)
 - \$130,000 – *Sidewalk/Trail Expansion*
 - This funding has been set aside since 2021 to pay for sidewalk/trail expansion in two locations. First, it would be available should the City receive grant funding to build a sidewalk along 12th Avenue, from Tikalsky Street to 9th Street. In the last couple months, the City received a grant to pay for most of this project, with a estimated match of \$43,126. The other location, 6th Avenue in the industrial park, was not approved for grant funding. This means that \$86,874 is still available that needs to be spent or earmarked by the end of 2024.

Knowing that this funding is available and needs to be accounted for by the end of 2024, I have a couple recommendations. Looking at the 2025 on the Visioning list, there are a few items that the City Council has discussed implementing: a Zoning/Subdivision Ordinance overhaul, a total compensation study, and a Strategic Plan. Each of these items would have needed to be paid for using the levy if they took place in 2025

or beyond, so having the funding now allows for the City to look at these items and to address them using ARPA funding.

My first recommendation would be to look at the Zoning/Subdivision Ordinance update. The Zoning/Subdivision Ordinance is what takes the Comprehensive Plan, which is the vision for how the City will develop over the next 10-20 years, and turns that vision into reality. A full update has not ever been performed on the Zoning/Subdivision Ordinance, which was first adopted in the 1970s. All updates have been piecemeal as things have come up. In 2024, the City set aside \$40,000, which is estimated to be half of the full cost to do an overhaul on the Zoning/Subdivision Ordinance, with a plan to levy for the remaining \$40,000 in 2025 and have the work performed. As the Comprehensive Plan wraps up, the time to do a full overhaul of the Zoning/Subdivision Ordinance is now. Council, staff, and residents are in a forward thinking mindset and overhauling the Zoning/Subdivision Ordinance would continue that mindset. It would also ensure that the Ordinance that allows development and buildout of the City would match the newly updated Comprehensive Plan. Using \$40,000 of this remaining ARPA funding would mean that the City could begin this process as soon as the Comprehensive Plan is completed and it wouldn't affect future tax levies.

My second recommendation would be to use \$31,674 to begin a Total Compensation Study that would look at job descriptions, wages, and benefits for employees, full and part-time. The last Compensation Study was approved by the City Council in 2021. During each budget cycle since that time, I have received feedback during the budget meetings that the way the City handles compensation increases via steps and COLA is not fair to all employees or that it is not structured appropriately. This puts me in a difficult position because I was hired to take the City Council's vision for the City, communicated through approved policies and plans, and put that vision into action. Then, some members of the Council openly express disapproval of a policy or plan that they recently voted to adopt. If there is a desire by the Council to use a different compensation method, we can use a different method. But no one on staff is an expert in the various methods of compensation and the state laws regarding compensation of local government employees. Because of this, if the Council desires to deviate from the 2021 Compensation Plan, I recommend having an outside firm review the City's needs and recommend solutions that would be appropriate. This is a process that the City could begin immediately and have a firm under contract by the end of 2024 so that the work can be completed in 2025, which would meet the requirements of the ARPA funding. When the last compensation study was completed in 2021, and the total cost to the City was \$18,604. For that study, benefits, job descriptions, and compensation of part-time employees were not included. I would recommend looking at compensation holistically across the City so that wages, benefits, and job descriptions are reviewed for all employees.

My final recommendation would be to use \$15,000 to have a firm help the City go through a Strategic Planning process. Beyond the Visioning document the City currently keeps, this process would allow the City Council, department head staff, and select commission/board members to participate in a strategic visioning process to give guidance to the City as an organization for the next 3 – 5 years. Practices like this are common in public and private organizations to get the entire organization on the same page as they look to grow and expand. What is the City trying to accomplish? Does it want to expand alternative options for transportation (walking, biking, etc.)? Does it want to push economic development? Is the primary goal to keep taxes as low as possible? What, on a high level, does the City want to work towards? Once that is determined, what can the City do to get there? What smaller projects can be done to meet those goals? This would be a document that the Council can reference throughout the year as a guide when making Council decisions and that staff can reference when it is interacting with the public and preparing documents for review by the Council. In short, it puts everyone on the same page.

Recommendation

I recommend looking at the remaining \$86,674 in ARPA funding that is not currently allocated due to not receiving an Active Transportation granting, and reallocating that funding to the Zoning/Subdivision Ordinance Update, Total Compensation Study, and Strategic Planning, and directing staff to prepare the RFPs for these three projects.