



City Administrator's Update

WEEK ENDING MARCH 2, 2018

Upcoming Events:

March 6, 5:30
Council Work Session
CANCELLED

March 6, 7:00 pm
City Council Meeting
City Hall

March 7, 8:00 am
EDA
City Hall

March 13, 7:00 pm
Planning Commission
City Hall

March 20, 5:30 pm
Council Work Session
City Hall

March 20, 7:00 pm
City Council Meeting
City Hall

March 27, 4:15 pm
Library Board
Library

Aaron Reeves,
City Administrator
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Administration/Finance

I had the privilege to speak at two Cloquet High School business classes this past week discussing careers in government. The City continues to work on the new WWW page design and the new page should be up and running this spring. I also had the chance to attend the Chamber's Annual Banquet. It's always enjoyable to meet with our local businesses in a more casual setting.

Public Works/Parks

Miscellaneous

Crews were busy blowing and hauling snow from alleys, intersections and boulevards this week. With all of the recent snow fall, the boulevards are full creating issues for motorists and residents. Thankfully, mother nature cooperated this week and we were able to make some progress in advance what may be another major snow event next week.

The outdoor rinks/warming houses have been closed for the season due to deteriorating ice conditions. As the sun gains power late in the winter we often struggle to maintain ice even if temperatures stay below freezing.

Engineering submitted Arch Street reconstruction plans to MNDOT for review and comment this week. Attention will now shift to final design and grant paperwork for Cloquet Avenue. Staff continues to meet regularly with our design consultant to keep progress moving forward on the aggressive schedule for the proposed water treatment plant.

Community Development

Economic Development

Staff attended the Iron Range Economic Alliance meeting in Eveleth this week and met with a housing developer on a future project.

Planning and Zoning

Staff attended a MNDOT District 1 Bicycle Transportation planning to develop a MNDOT statewide bicycle transportation plan.

Items submitted for Planning Commission Site Plan Review included a proposed mini storage facility in the Business Park and the proposed ALDI's on Big Lake Road. Staff and engineering reviewed and provided comments to the developers for corrections.

Staff participated in the meeting with project consultants on the City Water Treatment Plant project.

Building Inspections

Commercial building inspections continued this week for the upcoming City liquor licensing renewal process. The inspections are one of the requirements of license renewals.

The majority of inspections this week focused on new furnace installations and a final inspection for a new home at the County Club Patio Homes.

Dave Hallback, Mayor

City Council Members:

Jeff Rock, Ward 1
David Bjerkness, Ward 2
Roger Maki, Ward 3
Kerry Kolodge, Ward 4
Steve Langley, Ward 5
Adam Bailey, At Large

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Also this week, staff, Engineering, and Councilor Kolodge met with property owners who are affected by a private retaining wall collapse in the west end for further discussion on private action.

Library

January circulation was up 15% over last January. We now have a new cafe table and stools and a cushioned seating area for the tweens. We also had a Purler bead project and a pizza party ice breaker and information gathering party with the tweens and teens that was very well received. Coming up in March, we have three special nights: Family Night, Teen Night and Adult Night.



The real secret to success is enthusiasm.
- Walter Chrysler

Other Information Attached:

- * January 2018 Financial Report
- * February 2017 and 2018 Permit Reports



ADMINISTRATIVE OFFICES

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February 21, 2018

Dear Aaron Reeves, City Administrator:

Enclosed is the monthly financial report and cash and investment analysis for January 2018.

Cash and Investments

Cash balances are 26% above January 2017, mostly due to the City Sales Tax Bond issued in May 2017. A narrative and several spreadsheets discussing this month's cash and investment activities, and balances are attached.

Budgets

Revenues/Transfers in – Most revenues are in line with budget.

Expenditures/Expenses – Selected department and fund expenditures/expenses are analyzed on the following worksheets.

Major Revenues and Expenditures/Expenses

Revenues:

State \$70,300 for City Sales Tax, \$186,500 for Small Cities Development and \$126,200 for Municipal Street Aid. CAHA \$51,900 for arena lease. Medicom \$25,700 for quarterly franchise fees. Carlton County \$53,600 for property taxes.

Expenditures/Expenses:

14th Street Apartments \$10,200 and Oakwood Estates \$23,600 for TIF. ISD #94 \$18,000 for quarterly community education. LMCIT \$186,400 for first half of general and worker's comp insurance. Various SCDP project and admin \$167,900. Midwest Playscapes \$25,100 for Dunlap Island playground. Ulland Brothers \$249,500 for Dunlap Island project.

If you have questions, please feel free to let me know.

Respectfully,

A handwritten signature in cursive script that reads "Nancy Klassen".

Nancy M. Klassen, CPA, CPFO
Finance Director

City of Cloquet
Select Departmental and Funds Expenditure/Expense Budget Report for January
2018

Fund	2018 Budget	YTD Expend/Expense Budget	YTD Expenditures/ Expenses	Over (Under) Budget	Over (Under) %
General					
Administration	209,575	32,881	23,247	(9,634)	-29%
Human Resources	93,800	7,900	6,211	(1,690)	-21%
Finance	208,400	17,533	13,489	(4,044)	-23%
Law	110,000	9,167	-	(9,167)	-100%
Building & Planning	294,550	27,046	16,593	(10,453)	-39% 1
Police	2,788,900	267,825	269,733	1,908	1%
Hwy, Streets & Rwy	1,004,100	118,259	106,548	(11,711)	-10% 2
Community Development	170,300	14,192	13,276	(916)	-6%
Library	591,850	49,738	46,700	(3,037)	-6%
Park	572,725	71,269	70,479	(790)	-1%
Water - LSWL	4,099,100	216,534	221,340	4,806	2%
Water - In Town	7,226,200	557,804	97,713	(460,092)	-82% 3
Sewer	1,803,450	134,871	132,626	(2,245)	-2%
Storm Water	342,050	18,754	14,949	(3,805)	-20%
Cable TV	164,925	14,577	11,774	(2,804)	-19%

Note: Does not include transfers.

Explanation of (over) budget \$10,000 & 10%.

- 1 - No rental inspector hired or contracted yet.
- 2 - Street supplies not purchased yet (gravel, blacktop, etc)
- 3 - Water filter plant not started yet.

City of Cloquet
Select Departmental and Funds Payroll Expenditure/Expense Budget Report as of January
2018
Payroll Overtime

Fund	2016 Total	2017 Total	2018 Budget	YTD Expend/Expense Budget	YTD Expenditures/Expenses	Over (Under) Budget	(Over) Under %
General							
Police							
Holiday	39,353	44,975	45,000	3,750	10,095	6,345	169% 1
Regular	65,994	77,729	50,000	4,167	1,881	(2,286)	-55%
Reimbursed	8,550	12,706	5,000	417	665	248	60%
Hwy & St	28,205	31,216	25,000	2,083	2,016	(67)	-3%
Water - LSWL	22,664	30,906	35,500	2,958	10,574	7,616	257% 2
Water In Town	19,466	21,280	16,000	1,333	6,815	5,481	411% 2
Sewer	7,410	8,972	10,500	875	2,579	1,704	195% 2
Storm Water	6,197	5,006	5,000	417	1,528	1,111	267% 2

Explanation of (over) budget

- 1 - Three holidays in the first payroll of the year.
2 - Water leaks and an employee out on FMLA at the LSW pumphouse.

Filename: Expenditure-expense budget report

*City of Cloquet
Cash and Investments
Management Summary
January 31, 2018*

Analysis of Portfolio

Attached is a “Cash and Investment Analysis” which shows the type of accounts and values that make up the City’s cash and investment portfolio.

Current Economics

The economy is still on the slow but steady pace. The State’s budget outlook is expected to be positive for the February 2018 forecast even though the November 2017 forecast showed a slight negative balance. Unemployment is at 4.1% for January.

The City’s certified 2018 LGA is \$2,478,000 approximately \$114,400 more than 2017 and the City increased its levy by 2.26% for 2018. The City changed health insurance providers and will save a significant amount in 2018.

Current Activity

During the month of January there were no investment changes. Attached is an “Investment Portfolio Analysis” with the detail of investments.

Variance Analysis

Cash and investments are 26% above January 2017. The increase is mostly due to the issuance of the City Sales Tax Bond in May 2017.

The federal benchmark interest rate was raised for the second time in 2017 on June 14 to 1% to 1.25% from .75% to 1%. The Fed announced there is likely going to be more increases in 2018. Attached is an “Interest Earnings Analysis” which details the average balances invested, rate of return, and prior year rates.

The budgeted interest earnings are \$326,000 for 2018. The City’s investment annualized yield is approximately \$251,700 or 1.51% for 2018. Interest receipts were \$309,000 for 2017.

**City of Cloquet
Cash Balances
January
2018**

Fund #	Fund	Amount
101	General	3,974,088.58
201	LDO Loan (EDA)	318,779.16
202	Federal CDBG Loan (EDA)	815,425.24
203	Economic Development Loan (City)	142,151.03
204	State SCDG/MIF (EDA)	131,257.76
206	Revolving SCGP (EDA)	2,398.46
207	Community Development Operating (City)	(54,863.68)
208	SCDP - 2016 (City)	18,628.94
211	Library	39,567.76
220	TIF - Daqota/Woodward	6,637.18
221	TIF - 14th Street Apartments	5,418.17
222	TIF - Oak Street Apartments	42,248.25
224	Building Facilities Planning	1,912,613.79
225	Permanent Improvement	(264,692.88)
226	Park	143,158.61
226	Park - Restricted - In Lieu	37,924.41
226	Park - Skate Park	2,640.85
228	Senior Center	(10,877.55)
231	Public Works Reserve	267,006.39
260	Landfill Host Fee - 25%	90,104.06
260	Landfill Host Fee - 75%	321,662.47
368	Business Park Bonds	970,162.16
370	Swimming Pond Bonds	35,400.96
372	City Sales Tax Bonds	112,118.87
403	Capital Projects - Revolving	(79,945.61)
405	City Sales Tax Capital Projects	6,019,207.37
600	Water - Lake Superior Waterline	1,171,043.36
600	Water - Lake Superior Waterline Construction	429,990.33
601	Water In Town	3,360,706.09
602	Sewer	843,392.97
605	Storm Water	128,877.93
614	Cable TV	179,924.45
701	Employee severance	483,095.96
905	Cloquet Area Fire District	950,479.48
	Total	<u>22,545,731.32</u>

City of Cloquet
Cash and Investment Analysis
January 31, 2018

	Tentative Goals	Current 1/31/2018	12/31/2017	11/30/2017	10/31/2017	Last Year 1/31/2017
DEMAND ACCOUNTS						
Checking & MM & Savings	10%-15%	\$5,903,661.41 26%	\$7,885,086.94 32%	\$5,537,547.34 25%	\$8,241,436.04 34%	\$4,309,251.07 24%
INVESTMENTS						
Invested less than one year						
Certificates of Deposit		\$5,596,000.00	\$5,596,000.00	\$5,841,000.00	\$4,929,000.00	\$2,133,000.00
Municipal Bonds		\$1,727,214.75	\$1,461,208.87	\$1,821,787.12	\$1,461,748.72	\$2,667,468.64
Government Agencies		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total invested less than one year	50%-70%	\$7,323,214.75 32%	\$7,057,208.87 29%	\$7,662,787.12 34%	\$6,390,748.72 27%	\$4,800,468.64 27%
Invested one to three years						
Certificates of Deposit		\$1,804,000.00	\$1,804,000.00	\$1,414,000.00	\$1,169,000.00	\$1,675,000.00
Municipals		\$0.00	\$266,055.88	\$418,063.88	\$778,102.28	\$1,727,214.75
Government Agencies*		\$1,508,232.59	\$1,508,232.59	\$1,508,232.59	\$1,508,232.59	\$497,990.00
Total invested one to three years	10%-20%	\$3,312,232.59 15%	\$3,578,288.47 15%	\$3,340,296.47 15%	\$3,455,334.87 14%	\$3,900,204.75 22%
Invested over three years						
Certificates of Deposit		\$1,350,000.00	\$1,350,000.00	\$1,350,000.00	\$1,175,000.00	\$1,405,000.00
Municipal bonds		\$2,211,622.57	\$2,211,622.57	\$2,211,622.57	\$2,211,622.57	\$824,296.39
Government Agencies *		\$2,445,000.00	\$2,445,000.00	\$2,445,000.00	\$2,445,000.00	\$2,670,000.00
Total invested over three years	10%-20%	\$6,006,622.57 27%	\$6,006,622.57 24%	\$6,006,622.57 27%	\$5,831,622.57 24%	\$4,899,296.39 27%
Total	100%	\$22,545,731.32	\$24,527,206.85	\$22,547,253.50	\$23,919,142.20	\$17,909,220.85
Current month variance			(\$1,981,475.53) -8%	(\$1,522.18) 16%	(\$1,373,410.88) 14%	\$4,636,510.47 26%

* - These investments have call dates less than one year.

Note:

The over one year and over three year period exceeds the goals but several investments are priced to call and will be called in the next year.

City of Cloquet
Interest Earnings Analysis
Month Ending January
2018

Type	%	Invested Balance	Interest	Rate of Return
Money Markets	12%	\$2,600,493.91	\$2,692.51	1.22%
Money Market - bond fund	11%	\$2,271,693.20	\$2,361.11	1.22%
CD's*	41%	\$8,750,000.00	\$11,564.53	1.56%
Municipals*	18%	\$3,938,837.32	\$6,691.06	2.00%
Government agencies*	18%	\$3,953,232.59	\$4,843.81	1.44%
Total Investment Return*	77%	\$16,642,069.91	\$23,099.40	1.63%
Total Return	100%	\$21,514,257.02	\$28,153.02	1.54%

Earnings Comparison	Budget	YTD Budget	YTD Actual
2018 Interest Earnings	\$ 326,000.00	\$ 27,166.67	\$28,153.02
2017 Interest Earnings	\$ 327,000.00	\$ 27,250.00	\$18,590.80
2016 Interest Earnings	\$ 336,000.00	\$ 28,000.00	\$17,240.49

Rate Comparisons	Current	Last Month	Last Year	Two Years
	January 2018	December 2017	January 2017	January 2016
Average Total Return	1.54%	1.40%	1.41%	1.19%
Average Investment Return*	1.63%	1.64%	1.54%	1.33%

Monthly report of February 2018

City of Cloquet

Type	Permits		
	Number Issued	Value	Amount
ADMIN COMMERCIAL/INDUSTRIAL	2	45 000.00	692.10
MECHANICAL PERMIT	10	0.00	475.00
PLUMBING	3	0.00	145.00
REROOF OR RESIDE	1	0.00	101.00
SCANLON MECHANICAL PERMIT	1	0.00	90.00
SCANLON PLUMBING PERMIT	2	0.00	65.00
Total	19	45 000.00	1 568.10

Monthly report of February 2017

City of Cloquet

Type	Permits		
	Number Issued	Value	Amount
ADMIN COMMERCIAL/INDUSTRIAL	1	27 670.00	13.84
ADMINISTRATIVE PERMIT	3	29 270.00	237.14
MECHANICAL PERMIT	5	0.00	200.00
PLUMBING	4	0.00	210.00
REROOF OR RESIDE	1	0.00	101.00
Total	14	56 940.00	761.98