



MAYOR & COUNCIL COMMUNICATION

DATE: April 1, 2014

REGULAR \$\$

ITEM #: 8

AGENDA ITEM: Approve the Services Agreement with ISD 916

SUBMITTED BY: Dean Zuleger, City Administrator

THROUGH: Mayor Mike Pearson

REVIEWED BY: Adam Bell, Asst. Administrator / HR, Cathy Bendel, Finance Director,

SUGGESTED ORDER OF BUSINESS:

- Introduction of Item City Administrator
- Report/Presentation.....City Administrator
- Questions from Council to Staff..... Mayor Facilitates
- Public Input, if Appropriate Mayor Facilitates
- Call for Motion Mayor & City Council
- Discussion..... Mayor & City Council
- Action on Motion..... Mayor Facilitates

POLICY RECOMMENDER: City Administrator

FISCAL IMPACT: \$31,500 of non-tax revenue per year with an annual escalator clause

SUMMARY AND ACTION REQUESTED: Per Council request, the City Administrator has negotiated a non-tax services agreement with Independent School District 916 for the provision of municipal services for a new \$13 million campus to be located in the Eagle Point Business Park. The agreement is for \$31,500 for the first year with annual escalator clause. The recommended motion for this action is as follows:

“Move to approve a Services Agreement with ISD 916 for \$31,500 with a 1.02% escalator clause per year to run through calendar year 2014.”

LEGISLATIVE HISTORY: ISD 916 has a similar agreement with the City of Blaine, MN and the construct of this agreement is based on this document as precedent. The agreement has been reviewed by both Lake Elmo and ISD 916 legal counsel.

BACKGROUND INFORMATION: ISD 916 is a specialty school district that provides services to both students and area school districts that provide educational services for student with exceptionalities ranging from cognitively disabled to gifted and talented. The District has purchased land in the Eagle Point Business Park for the purpose of building a specialized school to serve these students. In accordance with MN State Statutes, the property is tax exempt but the City can charge the District for municipal services rendered to the site. After careful analysis of the street, public safety and utility services costs to the City, an annual service fee of \$31,500 was arrived between the parties. An escalator clause of 1.02% a year has been added for the life of the contract (10 years). The contract also contains a clause that allows for the renegotiation of the terms before the end of the 10 year period. In addition to the Services Agreement, ISD 916 has agreed in principle to be responsible for \$33,000 in WAC and SAC charges, \$61,000 in parkland dedication fees, and \$25,000 in associated planning costs.

BACKGROUND INFORMATION (SWOT):

Strengths: The Agreement allows the City to recover actual costs for the provision of services in the area of police, fire, utilities, and streets per MN State Statutes.

Weakness: The potential for the Agreement not be renewed after the 10 years exists and the City would not be able to collect taxes on a commercial piece of property.

Opportunities: The inclusion of a ISD 916 school in Lake Elmo greatly enhances our surrounding school districts, reduced overhead costs for specialty staffing and puts a school within reasonable driving proximity of Lake Elmo parents with children who have exceptionalities.

Threats: Not signing this agreement would place a burden on the City to provide services with no cost recovery

RECOMMENDATION: Staff recommends the following motion:

“Move to approve a Services Agreement with ISD 916 for \$31,500 with a 1.02% escalator clause per year to run through calendar year 2014.”