

# **FINANCIAL PLANNING AGREEMENT**

**BY AND BETWEEN  
THE CITY OF LAKE ELMO, MINNESOTA  
AND  
NORTHLAND SECURITIES, INC.**

## **FINANCIAL PLANNING SERVICES**

This Agreement made and entered into by and between the City of Lake Elmo, Minnesota (hereinafter "City") and Northland Securities, Inc., of Minneapolis, Minnesota (hereinafter "NSI").

### **WITNESSETH**

WHEREAS, the City desires to use the services of NSI for financial planning for the City's water, sanitary sewer, and storm water utility systems, including, review of user charges and rates (hereinafter "Project").

WHEREAS, NSI desires to furnish services to the City as hereinafter described,

NOW, THEREFORE, it is agreed by and between the parties as follows:

### **SERVICES TO BE PROVIDED BY NSI**

The scope of work to be performed by NSI is based on the following Factors, as defined by the City:

1. User charges for water, sanitary sewer, and storm sewer service need to be reviewed to ensure adequate operating revenues and reserves are maintained.
2. The analysis of user charges must consider current and future capital improvements.
3. City is seeking an independent review of the City Finance Committee's pro forma model for the enterprise funds.
4. City is seeking a specific financing plan for stormwater projects that includes a combination of use of 20% of the Storm Water Utility and the balance from general property tax revenue.
5. City is considering the creation of a special storm water district in the downtown and seeks to understand how the district would operate.
6. City is seeking to understand the pace of growth needed to cash flow the City enterprise funds.
7. City desires to understand the potential for lowering water rates in the future.

NSI will undertake the following Tasks:

1. Conduct kick off meeting with City Staff to review project objectives, set meeting schedule and collect background data.
2. Review background information about water, sanitary sewer, and storm sewer utilities. The City has the responsibility for collecting and providing NSI with information needed to conduct the study. Information sought by NSI includes:
  - a. City Finance Committee's pro forma model for enterprise funds.
  - b. Annual financial statements for utility funds for years 2012 and 2013.
  - c. Operating budgets for 2013, 2014, and 2015.
  - d. Current user rate schedules.
  - e. Water system operating data including number of customers, by type, and quantity of water sold in 2012 through 2014.
  - f. Sanitary sewer system operating data including number of customers, by type, and basis for sewer billing in 2012 through 2014.
  - g. Storm sewer system operating data including number of customers, by type, and basis for storm sewer billing in 2012 through 2014.
  - h. Plans for capital improvements in years 2015 through 2019 (and future years if available) including type of improvement, estimated cost, funding source, and timing.
3. Update financial model for sanitary sewer, water, and storm sewer systems. NSI will update spreadsheets that model the unique characteristics of the City's utility systems. Pace of growth will be analyzed and assumptions for future growth defined. The model will be used to analyze and explain the implications of alternative user charge structures. At a minimum, the model will analyze changes in: operating expenses; system usage; customers; capital improvements; and funding options.
4. Review results. NSI will meet with the City to review results of the analysis.
5. Report initial findings and recommendations. NSI will prepare a report that explains the results of the analysis in Tasks 3-4 and addresses each of the services to be provided (Factors 1-7) by NSI. The report shall include a recommended course of action.

This scope of work includes up to two (2) meetings with the City to review results.

### **COMPENSATION**

For the services specified, NSI will be paid an amount not to exceed \$5,000. The amount is based on the estimated number of hours required to complete these tasks at an hourly billing rate of \$185/hour plus reimbursable expenses for travel, printing, and mailing. NSI will bill on a monthly basis for actual services performed and reimbursable expenses.

### **ASSIGNED NORTHLAND EMPLOYEE**

The NSI employee responsible for providing services pursuant to this agreement and for the services performed is Tammy Omdal.

### **SUCCESSORS OR ASSIGNS**

The terms and provisions of this Agreement are binding upon and inure to the benefit of the City and NSI and their successors or assigns.

### **DISCLAIMER**

In performing service under this agreement, NSI is relying on the accuracy of information provided by the City and the services provided by Northland are based on current State Law. The parties agree that the Minnesota property tax system and other laws may change and may affect the accuracy and validity of services provided by NSI. NSI will perform its work using the best available information. The City recognizes and accepts that future property values, tax levies and tax rates may vary from the assumptions used by NSI and such changes may affect the work product produced and provided by NSI.

### **TERM OF THIS AGREEMENT**

This Agreement may be terminated by thirty (30) days written notice by either the City or NSI. In the event of early termination by the City, NSI shall provide the City with an itemized hourly statement of services already provided. All billable hours by NSI shall be billed at the stated hourly rates should early termination occur.

Dated this \_\_\_\_ day of February, 2015.

**Northland Securities, Inc.**

By: \_\_\_\_\_

Tammy Omdal/Senior Vice President

**City of Lake Elmo, Minnesota**

By: \_\_\_\_\_

City Administrator