

**BOARD OF COMMISSIONERS  
WASHINGTON COUNTY COMMUNITY DEVELOPMENT AGENCY  
WASHINGTON COUNTY, MINNESOTA**

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The Finance Committee Meeting was held Tuesday, June 5, 2018 at the Washington County Community Development Agency, 7645 Currell Blvd., Woodbury, MN 55125. Staff present: Barbara Dacy, Executive Director; Aaron Christianson, Director of Finance, and Leni Healy, Administrative Assistant.

**Meeting called to order at 3:00 pm.**

**ROLL CALL**

Commissioner Zeller (via phone), Commissioner Widen and Commissioner Belisle were present.

**DISCUSSION**

**D-1 2019 Draft Budget**

Aaron Christianson explained that the purpose of the budget discussion is to review the basic assumptions for preparing the draft 2019 budget and to receive Board questions and instructions in the event any issues are identified that would require additional research. He further explained that the first assumption was the continuation of the strategic initiatives developed in previous years relating to "Age Friendly Housing Initiative" for seniors, GROW program, Homeownership and Economic Development. He stated that these initiatives were developed with the goal of creating new senior and workforce housing, providing critical gap financing to developers, creating mixed-use redevelopment, providing homeownership counseling which strengthens neighborhood stability and promoting economic development in Washington County.

Mr. Christianson said that the second assumption outlined the approach that staff takes for the development of the budget. He indicated that the approach used in the development of the 2019 draft budget is consistent with the budgets developed in past years and that the Agency's methodology is that operations and programs are funded by the net revenues of the Agency-owned properties, grant funds from outside agencies, fees for services, and the Agency's levy. He stated that if all sources of revenues are exhausted, fund balance carryover is considered and expenses are scrutinized first before consideration of a levy increase.

Commissioner Belisle asked if rents were going to be considered and, if so, at what rate. Mr. Christianson answered that a one percent increase was factored in for senior housing and 2 percent for family housing which would generate \$70,000 for the Agency's operations.

Commissioner Belisle asked if the Agency had input on rent prices at the subsidized units. Mr. Christianson indicated that the Agency does not have input and those amounts are provided by HUD. Commissioner Belisle suggested that if the Agency doesn't get one or two percent increases every year it could take a loss. He also expressed concern that budget cuts in any year could greatly impact the funding the Agency has to function.

Commissioner Belisle asked about the rent increase for public housing. Mr. Christianson stated renters in subsidized units pay thirty percent of their income.

Mr. Christianson proposed a one percent increase for senior housing and two percent for family housing. Commissioner Belisle asked why the senior housing increase was less. Ms. Dacy indicated that family income tends to be higher than senior income and a one percent senior increase would keep the rent affordable. She indicated that a senior's average income is \$25,000 so a higher increase would skew the cost/burden ratio. Both Mr. Christianson and Ms. Dacy indicated that the proposed rent increases would fulfill the Agency's mission and still allow the Agency to fiscally operate.

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Mr. Christianson explained that in addition to the rent increases, the proposed budget includes a decrease of .01 percent or \$16,000 in operating expenses. Commissioner Zeller asked if the overall budget amount was an increase from previous years. Mr. Christianson indicated that this was a 4.3 percent increase for the 2018 budget year.

Mr. Christianson indicated with the impact of revenue and expense assumptions, a levy increase of \$180,000 was recommended. He explained that \$100,000 would go to properties to cover The Glen debt service and \$80,000 would be directed for development, specifically the GROW program.

Commissioner Zeller asked about replenishing some of the reserves and wondered about selling some of the properties that we are aging or needing repairs. Mr. Christianson answered that rent revenues were a large part of the budget and the loss of revenue from any of the buildings would affect the revenue streams. He stated that the sale of a building would not be adequate to build or buy another similar property. Commissioner Zeller suggested that, at some point, the Agency may shed a low performing property or sell to a buyer who could keep the rents low. Mr. Christianson indicated that there were pros and cons concerning the sale of property such as the perception of the Agency's mission beyond finances. Ms. Dacy indicated that there would be political ramifications in selling properties.

Commissioner Zeller stated that Agency staff is familiar with the properties and he comfortable with the proposed budget but would recommend a second look. Ms. Dacy indicated that it would be worthwhile to review the properties for their value.

Commissioner Belisle asked Mr. Christianson if he had any facilities in mind to sell. Mr. Christianson indicated that he did not and that the assets are hard to liquidate. Commissioner Belisle asked how the Agency's fund balance compares to other counties. Mr. Christianson responded that the Agency tends to "run lean."

Commissioner Widen asked if the County was seeing enough results. Ms. Dacy indicated that the Agency receives great comments from the County. She said the County appreciates that the Agency continues to work with the private sector on many projects.

Commissioner Zeller indicated that he could accept the proposed budget plan. Commissioner Widen concurred. Commissioner Belisle stated that he would be more comfortable with a second review for sustainability and longevity. He thought that the whole Board may wish to have a deeper discussion. Commissioner Zeller strongly recommended that increases should be assessed a little at a time.

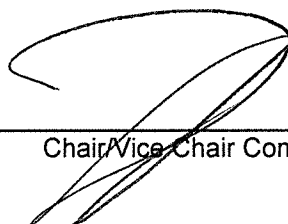
Ms. Dacy indicated that Staff could take a second look at the rent increases. Mr. Christianson suggested that a one to two percent rent increase would be presented to the Board at the next monthly meeting. Staff will take a scientific approach to the budget with cost sensitivity which will still meet the Agency's initiatives.

**Commissioner Widen moved to approve Mr. Christianson's approach to the budget review. Commissioner Zeller seconded the motion. Motion carried 3-0.**

**ADJOURN**

**Commissioner Zeller moved to adjourn, seconded by Commissioner Widen. Motion carried 3-0.**

Meeting ended at 4:20 p.m.



Chair/Vice-Chair Commissioner