CRYSTAL CITY COUNCIL

FIRST WORK SESSION AGENDA
Tuesday, November 5, 2013

6:15 p.m.

Conference Room A

Pursuant to due call and notice given in the manner prescribed by Section 3.01 of the City Charter, the first work session of the Crystal City Council was held at _____ p.m. on Tuesday, November 5, 2013 in Conference Room A located at 4141 Douglas Drive, Crystal, Minnesota.

I. Attendance

Council members	Staff
____ Selton	____ Norris
____ Adams	____ Therres
____ Budziszewski	____ Peters
____ Deshler	____ Sutter
____ Hoffmann	____ Hansen
____ Libby	____ Mathisen
____ Peak	____ Revering
	____ Norton
	____ Serres

II. Agenda

The purpose of the work session is to discuss the following agenda items:

- Metropolitan Council's 2040 population, household and employment forecasts
- Funding for Public Works facility

III. Adjournment

The work session adjourned at _____ p.m.

COUNCIL STAFF REPORT
Metropolitan Council's Preliminary 2040 Forecasts

FROM: John Sutter, City Planner/Assistant Community Development Director

DEPARTMENT HEAD REVIEW: Patrick Peters, Community Development Director

DATE: **October 31, 2013**

TO: **Anne Norris, City Manager (for November 5 work session)**

SUBJECT: **Discuss Metropolitan Council's preliminary 2040 forecasts and possible city response**

State statute requires metropolitan cities to update their comprehensive plans every ten years. The next update is due in 2018 and we expect to begin working on it in 2017.

Metropolitan Council ("MC") reviews local comprehensive plans for consistency with regional systems. As part of this review MC examines the land use chapter and related chapters to determine whether the local plan is consistent with MC's "System Statements" which include population, household and employment forecasts. In practice, the focus is really on the household forecast because households are the more important factor for residential land use and development.

MC recently issued its preliminary 2040 regional and local forecasts which were made using computer models for the region's economy, employment and population ("REMI-PI"), household type ("Profamy") and real estate ("Cube Land").

The Planning Commission discussed the 2040 forecast at its October 14 meeting and had many of the same concerns as staff (see pages 3-4 of this memo). Staff then attended an MC workshop at the Ridgedale Library on October 30. Staff from other cities at our table (Robbinsdale, New Hope, Rogers, Medina, Minnetonka, Orono, Edina and Bloomington) were in agreement with our comments.

The following Exhibits are attached:
A. MC "Metro Stats" bulletin – regional overview of the 2040 forecasts
B. MC preliminary 2040 forecasts by county and city (Crystal highlighted)
C. Crystal charts showing MC's 2040 forecasts

2040 Forecast Summary:

1. Crystal in comparison with averaged forecasts for developed suburbs in Hennepin County and region-wide:

   Crystal:
   - Population up 6,149 or 27.8%
   - Households up 3,217 or 35.0%
   - Employment up 2,171 or 55.3%

   Hennepin County developed suburbs:
   - Population up 99,346 or 38.0%
   - Households up 45,539 or 40.4%
   - Employment up 41,650 or 22.7%

   Twin Cities metro area developed suburbs:
   - Population up 153,456 or 33.7%
   - Households up 75,598 or 39.1%
   - Employment up 72,842 or 24.3%

2. Developed suburbs which are forecast to have the highest and lowest forecast percent change in each of the three categories:

   Population:

Henn Co - highest:	Hopkins	+ 55.8%
Henn Co - lowest:	Brooklyn Center	+ 13.3%
TC metro - highest:	Hopkins	+ 55.8%
TC metro - lowest:	Spring Lake Park	+ 4.8%

   Households:

Henn Co - highest:	Hopkins	+ 47.0%
Henn Co - lowest:	St Anthony	+ 32.5%
TC metro - highest:	North St Paul	+ 47.3%
TC metro - lowest:	Falcon Heights	+ 11.7%

   Employment:

Henn Co - highest:	Crystal	+ 55.3%
Henn Co - lowest:	Robbinsdale	+ 10.8%
TC metro - highest:	Crystal	+ 55.3%
TC metro - lowest:	Falcon Heights	- 13.2%

Staff comments:

1. The population and household forecasts for Crystal are not unique; they are broadly consistent with MC's forecasts for other similar developed suburbs. **But the degree of increase forecast among developed suburbs is unrealistically high, and for developing suburbs, unrealistically low.**

2. Households are the major driver of residential development. MC's forecast for households in Crystal is an increase of 3,217 from 2010-2040 – meaning an average of **107 additional housing units every year** from 2010-2040. For comparison, during the eight year period ending Dec. 31, 2007 (when development activity was relatively strong), Crystal had a net gain of 179 housing units, averaging **22 per year**. In other words, **MC's 2040 forecast assumes a pace of development in Crystal five times faster than the boom years of 2000-2007**. Other cities' staff expressed a similar opinion that the MC forecasts are not just off by a little bit; they are way beyond the realm of reasonable possibility.

3. Crystal staff put it specifically:
   - We have seen no net gain in housing units since 2010 and we're already three years into the forecasts' 30 year period. (One-for-one replacement of blighted houses doesn't count.)
   - The Cavanagh will come online in 2014 with 130 out of the 3,217 additional units forecast by 2040.
   - That leaves 3,087 more units to be added in 2015-2040, or 119 units per year for the next 26 years. **Almost a Cavanagh per year, every year, from 2015-2040.** That is completely unrealistic and unreasonable.

4. MC staff acknowledged that the land supply part of the model does not reflect the practical realities of redeveloping a site that already has an active, functioning use (a "going concern"). MC staff explained that the model compares potential rent to construction costs to determine development feasibility **but does not account for the cost of relocating the existing use elsewhere**. MC also confirmed that the model does not account for political/community opposition and (most importantly) the willingness of current owners to sell. In other words, the model apparently sees already-developed areas like Crystal the same way it sees cornfields in Rogers and Farmington.

5. The employment forecast for Crystal, with an increase of 55%, stands out from other developed suburbs. The next highest city is Columbia Heights at 41%, and the average among all of the developed suburbs is only 24%. Crystal and other cities made the point that residential development on already-developed sites typically requires displacement of some existing use which would likely depress employment. **MC staff acknowledged the contradiction inherent in forecasting high household and employment growth in developed cities.**

6. Crystal and several other cities' staff suggested that the problem lies in the way MC turns its regional forecasts into local mandates, and **maybe the "forecasts" are really just MC's aspirations and should be treated as such**.

7. Another option would be a two-tiered approach separating infill development of vacant sites (reasonably likely, and able to designate on the 2040 planned land use maps) from redevelopment of existing uses (impossible to predict or designate in advance). This is the approach MC reluctantly allowed Crystal to use in our most recent Comp Plan update. As redevelopment of existing uses occurs over time, dependent on willing sellers, financial feasibility and political/community support, the planned land use map would be amended to accommodate specific projects. **The Cavanagh is a real-world example of how redevelopment opportunities arise in unpredictable ways – how would you show it on a map 10-20 years in advance?**

Staff opinion is that it is important to formally state our concerns and objections now, early in the Comprehensive Plan update process, in the hope that MC's computer model will be re-worked and the 2040 forecasts for Crystal revised dramatically downward. And if not, then at least the city would have a good basis for political and (if necessary) legal challenges to MC as we move closer to our next Comp Plan update due in 2018. To that end, staff proposes to formalize our comments in a letter to MC, but we want to check in with the City Council before doing so.

Next steps:

- Send letter to Metropolitan Council with our comments, concerns and objections to the 2040 forecast
- MC may agree to revise the 2040 forecast later this year depending on the workshop discussion and city comments. Based on the discussion at the workshop, it was clear that MC staff understand and largely agree with our concerns – so we are hopeful.
- The forecast will be continually revised and recalibrated by MC throughout 2014 and 2015.
- After MC's Regional System Statements are released in fall 2015, we can appeal the 2040 forecast prior to beginning work on the 2018 Comprehensive Plan Update.

Metropolitan Council

MetroStats

What Lies Ahead: Population, Household and Employment Forecasts to 2040 **April 2012**

The Metropolitan Council forecasts population, households and employment for the seven-county Minneapolis-St. Paul region with a 30-year time horizon.

The Council will allocate this regional forecast to local communities through additional modeling. The Council's local land use model will represent the expected spatial distribution of population, households and employment during 2010 to 2040, given real estate and location choice dynamics, and regional policies and local land use controls. The ultimate results of this project—a final regional forecast, together with local forecasts—will be incorporated into the next metropolitan development guide scheduled for Council adoption in early 2014.

Consistent with Minnesota Statutes 473.146 and 473.859, the regional and local forecasts are intended as a statement of future expectations and will reflect regional planning and policies.

For more information about the methodology behind these regional forecasts, see p. 5.

For more information, contact:
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Principal Forecaster
todd.graham@metc.state.mn.us
651-602-1322

Publication No. 74-12-016

Metropolitan Council Forecasts to 2040

Metropolitan Council's preliminary forecast anticipates increasing demographic diversity and continued growth for the seven-county Minneapolis-St Paul region by 2040. The region's population is projected to grow by 893,000. By 2040, 43 percent of residents will be persons of color.

	2010	*2020*	*2030*	*2040*
Population	2,850,000	3,144,000	3,447,000	3,743,000
Households	1,118,000	1,293,000	1,464,000	1,576,000
Employment	1,548,000	1,743,000	1,943,000	2,118,000

The seven-county Minneapolis-St. Paul region is projected to gain 893,000 people over the next three decades, reaching 3,743,000 residents in 2040, up from 2,850,000 in 2010. Projected growth rates, 9 to 10 percent per decade, are well below the historic growth rates of 15 percent per decade in the 1980s and the 1990s.

Natural population growth, or births outpacing deaths, will add 609,000 residents. Natural population growth will account for over two-thirds, or 68 percent, of the total population growth from 2010 to 2040. Birth rates are higher among families of color than white families, contributing to the increasing racial diversity of the region.

One-third of the population increase in the Minneapolis-St. Paul region will result from migration. The Minneapolis-St Paul area is likely to gain 463,000 new residents through international immigration while losing 179,000 residents to domestic out-migration.

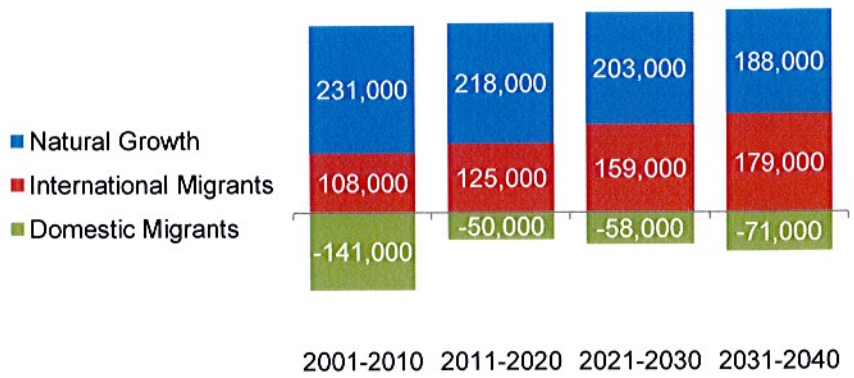
The Minneapolis-St. Paul region will continue to be an immigration gateway throughout the 30-year period, and immigration will substantially advance the region's diversity. Of the expected international immigrants, 83 percent will be people of color, from all continents; the remaining17 percent will be white, non-Hispanic.

Ex. A

What Lies Ahead: Population, Household and Employment Forecasts to 2040

April 2012

Components of Population Growth, 2000-2040

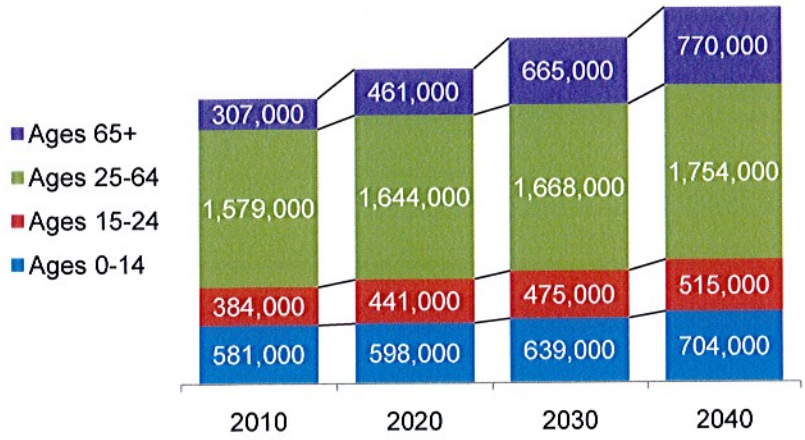


Net domestic migration—between the Twin Cities region and the rest of the nation—will be negative, totaling a loss of 179,000 residents during 2010-40. This is not a new trend; US Census data shows out-migrants leaving the region have outnumbered new domestic arrivals during the past decade. Geographic position and perceived attractiveness of the Minneapolis-St. Paul area are challenges to domestic migration. While the region's employment and business opportunities draw international immigrants, the Twin Cities are less attractive to movers who have other priorities. This trend is projected to continue into the future unless there is a major change that dramatically alters domestic perceptions of attractiveness and amenity value.

Migration and natural population growth together will replenish the Minneapolis-St Paul region's school enrollments and workforce. The Council forecasts 254,000 additional residents under the age of 25 in the Minneapolis-St Paul region, up from 965,000 in 2010 to 1,219,000 in 2040, for a 26 percent increase. These dynamics will balance out the rapid expansion of the region's senior citizen (65 and over) population.

The senior population in the Twin Cities area will double between 2010 and 2030 and will continue growing throughout the projections period, from 307,000 seniors in 2010 to 770,000 seniors in 2040. Between the aging of Baby Boomers and longer life expectancies, senior citizens will become a substantial cohort of the population in the Minneapolis-St. Paul area. In 2010, senior citizens were 11 percent of the region's population; in 2040, seniors will be 21 percent of the population.

Population by Age, 2010-2040

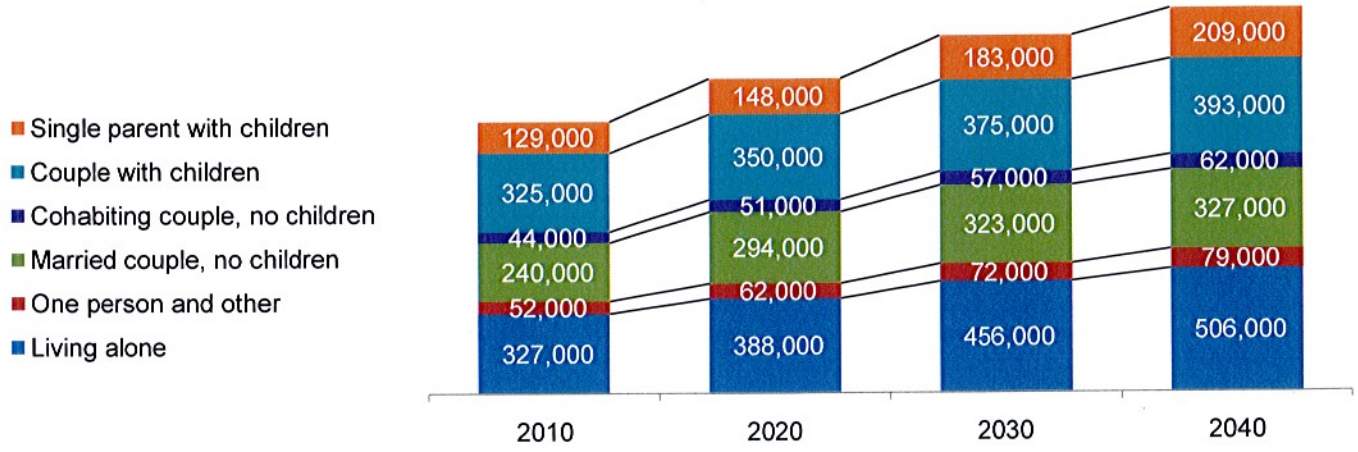


As the age profile of the population shifts, the mix of households in the Minneapolis-St. Paul area is also changing. The Council forecasts 1,576,000 households in 2040, an increase of 41 percent from 2010. Senior citizens are the most significant contributors to household growth as seniors tend to live alone or with a spouse. Most of the forecasted gain in households (58 percent) is reflected in net growth of one-person households (up 179,000 over 30 years) and of married couples without children (up 87,000).

These gains reflect the end stages of the household life-cycle, as couples with children become households without children.

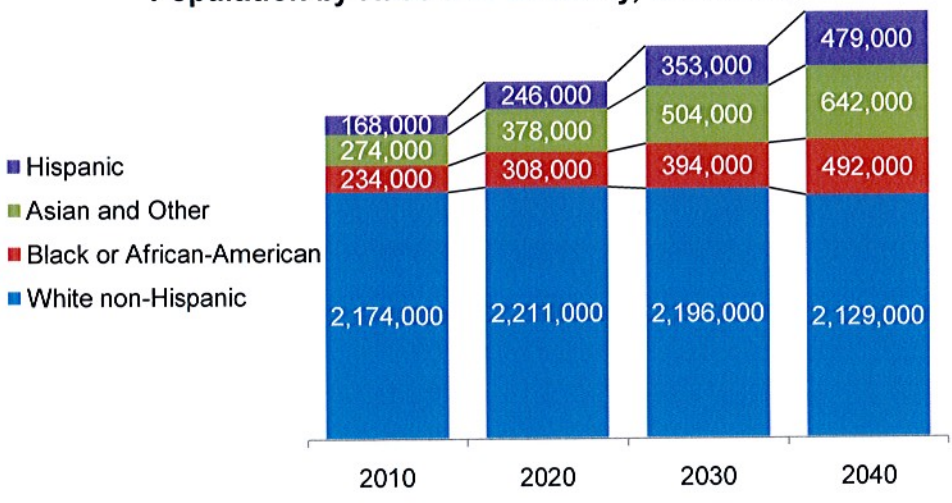
Growth in Generation Y and Millennials will still generate growth in households with children (up 148,000 or 33 percent over 30 years). However, most of the net household growth in the Twin Cities area will result from growth in one-parent households (up 80,000 or 62 percent over 30 years).

Household Type, 2010-2040



Between the churn of migration and higher birth rates among Hispanic, Black or African-American, and Asian populations, the Minneapolis-St. Paul region will become more racially and ethnically diverse. In 2010, people of color comprised 24 percent of the regional population. By 2040, the Council projects that 43 percent of residents will be people of color. In 2040, the Minneapolis-St Paul workforce will reflect the diversity seen today in the region's elementary schools. The population of color will more than double, up from 676,000 in 2010 to 1,613,000 in 2040, while the White non-Hispanic population will decrease by 2 percent. The region's Hispanic population is expected to nearly triple (from 168,000 in 2010 to 479,000 in 2040), and both the Black or African-American population and the population of Asians and other people of color will more than double (from 234,000 in 2010 to 492,000 in 2040 and from 274,000 in 2010 to 642,000 in 2040).

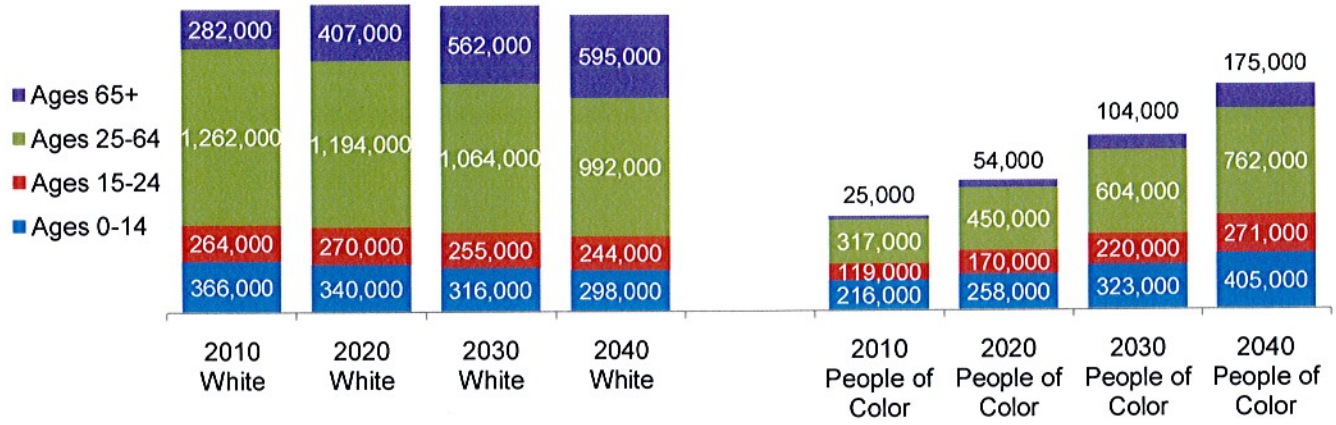
Population by Race and Ethnicity, 2010-2040



The Council's population forecasts reveal contrasting trends in the age distribution

of people of color and white residents. These trends will affect the composition of the region's working-age residents, with significant implications for the future workforce of the region. The number of white residents, ages 25-64, will shrink by 21 percent (from 1,262,000 in 2010 to 992,000 in 2040), while the population of color in the same age cohort will more than double, climbing from 317,000 in 2010 to 762,000 in 2040. The share of people of color will increase from 20 percent of working-age residents in 2010 to 43 percent in 2040.

Population by Race / Ethnicity and Age

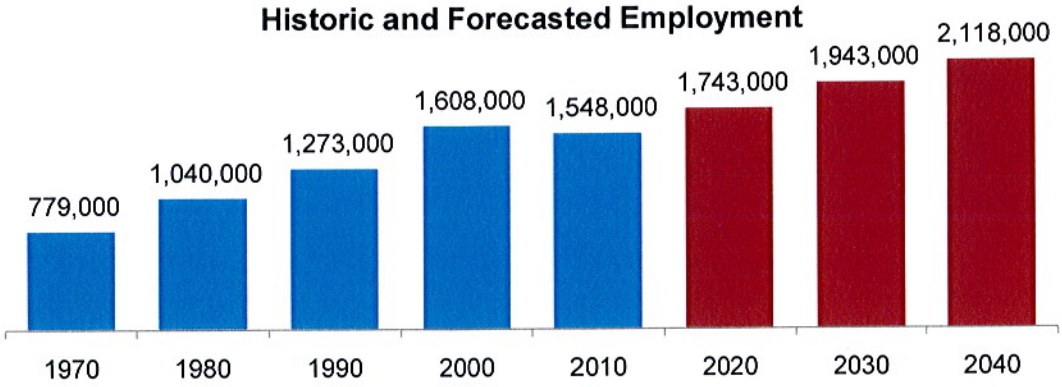


The Council's population forecasts anticipate an increasingly diverse student body in the region. The population of color under age 25 will double in size, up from 335,000 in 2010 to 676,000 in 2040. In contrast, the number of white residents under age 25 would decrease from 630,000 in 2010 to 543,000 in 2040, pulling down the share of white school-age children and young adults in this age of group from 65 percent in 2010 to 45 percent in 2040.

Migration dynamics are the major factor in this demographic transition. People moving from the Minneapolis-St Paul area to other parts of the nation (domestic out-migration) are mostly white and older (retirees). In contrast, the region's gain of international immigrants is predominantly people of color, mostly people in their 20s, often immigrating with children.

The Council forecasts an employment gain of 570,000 jobs, up from 1,548,000 in 2010 to 2,118,000 in 2040. The Council anticipates employment growth will range from 13 percent in the current decade to 9 percent in the 2030s. This growth compares to a net employment loss over the 2000s and previous gains of 34 percent in the 1970s, 22 percent in the 1980s, and 26 percent in the 1990s.

The region's Gross Metro Product, the sum of value added by all industry sectors, will rise to $400 billion in 2040—equivalent to 1.5 percent of the US Gross Domestic Product. For context, the Minneapolis-St Paul region has less than 1.0 percent of the nation's population.



Employment opportunities in the Minneapolis-St Paul region attract not only new migrants, but also commuting workers living in Greater Minnesota or Wisconsin. In 2010, the Council estimates that 7.7 percent of earnings at Minneapolis-St. Paul workplaces are earned by commuters into the region. (This is offset by 1.5 percent of the region's household earnings coming from work outside the Twin Cities region.) This balance of workers commuting in, and earnings returning with those workers to their place of residence, is projected to remain unchanged over the projections period as the Minneapolis-St Paul region remains the predominant economic center for a large part of Minnesota and western Wisconsin.

About the Council's Forecasts

To prepare its long-range forecast, the Metropolitan Council has adopted REMI PI+, a regional macroeconomic model, and ProFamy, a demographic model. Both models have been customized to include additional regional data and represent Minneapolis-St Paul regional conditions.

The REMI PI+ model represents regional economic dynamics and projects time-series of economic and demographic outcomes. The REMI PI+ projections are informed by data on the region's industry mix, costs and productivity, and analysis of regional competitiveness and relative position within the national economy. Employment, migration and population outcomes directly flow from projected economic performance.

The Metropolitan Council is using ProFamy, an extended cohort-component simulation model, to group populations into household types. These projections are informed by age-by-race-specific demographic schedules of birth rates, household formation and dissolution rates, fertility, and mortality rates. The end-product is a time-series of projections of household counts by household type.

2040 Preliminary Forecasts
Released for Comments, September 11, 2013

Note: These are preliminary and have not been adopted by the Council.
(pt) denotes part of a city; remainder of city is in neighboring county.

◊ = Rogers annexed Hassan Township in 2012; forecasts have been combined.
† = Laketown Township will be fully annexed before 2030; forecast has been reassigned to neighboring cities.

	POPULATION			HOUSEHOLDS			EMPLOYMENT		
	2000	2010	2040	2000	2010	2040	2000	2010	2040
ANOKA COUNTY									
Andover	26,588	30,598	35,800	8,107	9,811	15,600	3,583	4,669	5,500
Anoka	18,076	17,142	22,100	7,262	7,060	10,000	13,489	12,840	14,800
Bethel	443	466	790	149	174	370	229	86	640
Blaine (pt)	45,014	57,186	80,300	15,926	21,077	34,200	16,757	19,668	27,000
Centerville	3,202	3,792	4,600	1,077	1,315	1,990	363	409	670
Circle Pines	4,663	4,918	5,700	1,697	2,006	2,500	2,150	790	1,480
Columbia Heights	18,520	19,496	24,600	8,033	7,926	11,000	6,397	3,484	4,900
Columbus	3,957	3,914	4,300	1,328	1,416	1,960	507	1,172	2,450
Coon Rapids	61,607	61,476	71,700	22,578	23,532	32,600	21,682	23,260	35,000
East Bethel	10,941	11,626	16,600	3,607	4,060	7,700	1,374	1,123	1,990
Fridley	27,449	27,208	32,600	11,328	11,110	14,800	26,257	21,333	29,200
Ham Lake	12,710	15,296	16,200	4,139	5,171	7,100	3,194	2,931	4,600
Hilltop	766	744	1,360	400	380	600	257	314	400
Lexington	2,142	2,049	2,800	819	787	1,200	634	467	700
Lino Lakes	16,791	20,216	28,000	4,857	6,174	11,300	2,671	3,313	6,000
Linwood Township	4,668	5,123	6,500	1,578	1,884	3,100	154	219	350
Nowthen	3,557	4,443	5,700	1,123	1,450	2,600	337	318	630
Oak Grove	6,903	8,031	10,300	2,200	2,744	4,800	359	741	1,250
Ramsey	18,510	23,668	28,400	5,906	8,033	12,500	4,008	4,779	7,000
St. Francis	4,910	7,218	10,900	1,638	2,520	5,100	1,247	1,537	2,600
Spring Lake Park (pt)	6,667	6,234	6,500	2,676	2,597	3,000	4,401	2,934	3,800
Anoka County Total	298,084	330,844	415,750	106,428	121,227	184,020	110,050	106,387	150,960
CARVER COUNTY									
Benton Township	939	786	640	307	297	300	282	274	370
Camden Township	955	922	720	316	329	340	15	56	110
Carver	1,266	3,724	6,900	458	1,182	3,000	176	187	340
Chanhassen (pt)	20,321	22,952	31,600	6,914	8,352	13,300	8,366	9,746	16,100
Chaska	17,603	23,770	30,500	6,169	8,816	13,400	10,955	11,123	15,200
Cologne	1,012	1,519	3,300	385	539	1,540	294	270	510
Dahlgren Township	1,453	1,331	1,150	479	494	530	203	202	310
Hamburg	538	513	590	206	201	280	117	109	130
Hancock Township	367	345	450	121	127	210	35	10	20
Hollywood Township	1,102	1,041	1,160	371	387	560	100	90	200
Laketown Township †	2,331	2,243	-	637	660	-	355	116	-
Mayer	554	1,749	7,000	199	589	3,300	92	151	230
New Germany	346	372	1,180	143	146	560	50	46	120
Norwood Young America	3,108	3,549	8,000	1,171	1,389	3,800	1,559	1,165	2,040
San Francisco Township	888	832	900	293	307	420	61	46	120
Victoria	4,025	7,345	11,700	1,367	2,435	5,000	932	1,502	1,760
Waconia	6,814	10,697	16,100	2,568	3,909	6,900	4,082	5,578	8,200
Waconia Township	1,284	1,228	1,300	429	434	580	72	98	390
Watertown	3,029	4,205	5,900	1,078	1,564	2,800	682	556	1,510
Watertown Township	1,432	1,204	1,390	478	468	660	207	392	370
Young America Township	838	715	650	267	266	310	105	119	110
Carver County Total	70,205	91,042	131,130	24,356	32,891	57,790	28,740	31,836	48,140

Ex. B

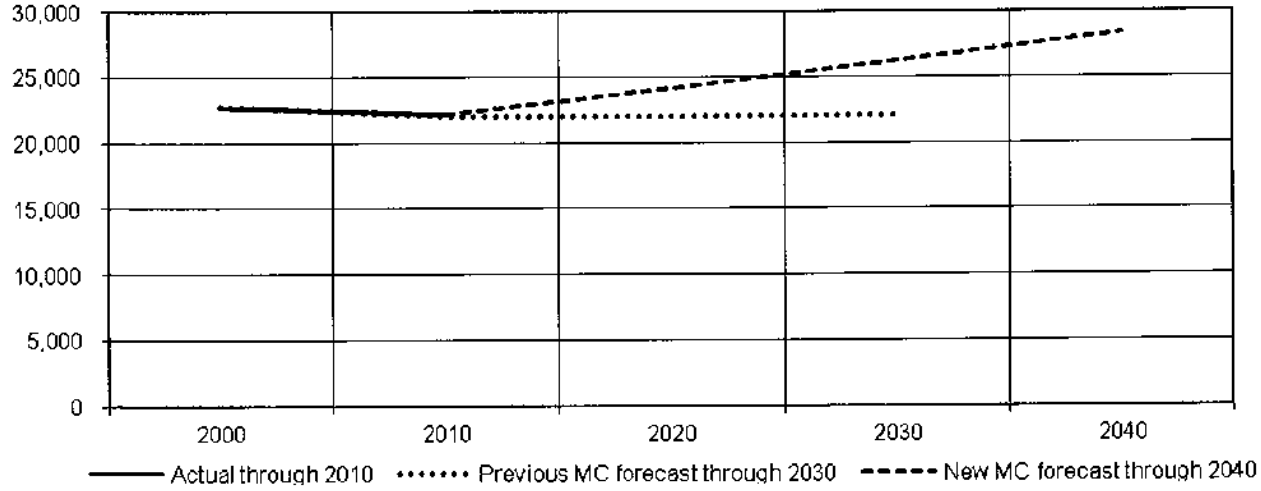
	POPULATION			HOUSEHOLDS			EMPLOYMENT		
	2000	2010	2040	2000	2010	2040	2000	2010	2040
DAKOTA COUNTY									
Apple Valley	45,527	49,084	62,100	16,344	18,875	26,600	12,106	14,279	18,700
Burnsville	60,220	60,306	76,200	23,687	24,283	32,800	31,765	31,593	41,200
Castle Rock Township	1,495	1,342	1,100	514	504	510	344	356	440
Coates	163	161	160	64	66	70	252	109	180
Douglas Township	760	716	870	235	259	420	96	92	80
Eagan	63,557	64,206	86,800	23,773	25,249	36,100	42,750	49,526	70,000
Empire Township	1,638	2,444	2,500	515	792	1,130	217	255	320
Eureka Township	1,490	1,426	1,430	496	518	670	196	460	220
Farmington	12,365	21,086	26,900	4,169	7,066	11,600	3,986	4,438	7,300
Greenvale Township	684	803	1,240	227	275	590	68	49	640
Hampton	434	689	890	156	245	420	178	127	210
Hampton Township	986	903	1,230	320	329	580	186	85	210
Hastings (pt)	18,201	22,172	28,900	6,640	8,735	13,300	8,872	8,532	10,400
Inver Grove Heights	29,751	33,880	46,300	11,257	13,476	20,200	8,168	9,442	12,900
Lakeville	43,128	55,954	72,400	13,609	18,683	30,500	10,966	13,862	21,800
Lilydale	552	623	1,340	338	375	590	354	355	420
Marshan Township	1,263	1,106	1,110	404	403	520	220	117	320
Mendota	197	198	340	80	78	150	266	270	340
Mendota Heights	11,434	11,071	15,200	4,178	4,378	6,500	8,549	11,550	13,700
Miesville	135	125	150	52	52	70	97	116	120
New Trier	116	112	110	31	41	50	30	35	60
Nininger Township	865	950	840	280	372	400	165	149	330
Northfield (pt)	557	1,147	1,860	216	414	860	79	470	730
Randolph	318	436	490	117	168	230	123	122	100
Randolph Township	536	659	760	192	246	360	130	113	120
Ravenna Township	2,355	2,336	2,180	734	780	1,010	115	38	50
Rosemount	14,619	21,874	29,200	4,742	7,587	12,400	6,356	6,721	11,600
Sciota Township	285	414	510	92	140	240	21	33	250
South St. Paul	20,167	20,160	23,500	8,123	8,186	10,600	7,697	8,557	10,900
Sunfish Lake	504	521	560	173	183	260	23	8	-
Vermillion	437	419	500	160	156	230	221	93	180
Vermillion Township	1,243	1,192	1,610	395	424	750	280	90	80
Waterford Township	517	497	650	193	193	310	461	679	1,010
West St. Paul	19,405	19,540	27,100	8,645	8,529	11,900	8,905	7,471	10,000
Dakota County Total	355,904	398,552	517,030	131,151	152,060	222,920	154,242	170,192	234,910
HENNEPIN COUNTY									
Bloomington	85,172	82,893	113,600	36,400	35,905	49,900	104,548	86,530	108,100
Brooklyn Center	29,172	30,104	34,100	11,430	10,756	14,800	16,698	11,001	13,800
Brooklyn Park	67,388	75,781	90,500	24,432	26,229	36,900	23,692	24,084	36,000
Champlin	22,193	23,089	27,300	7,425	8,328	11,900	2,734	4,012	5,200
Chanhassen (pt)	-	-	-	-	-	-	979	1,159	1,160
Corcoran	5,630	5,379	9,100	1,784	1,867	4,000	1,792	1,093	1,780
Crystal	22,698	22,151	28,300	9,389	9,183	12,400	5,638	3,929	6,100
Dayton (pt)	4,693	4,617	7,300	1,546	1,619	3,300	1,057	921	2,250
Deephaven	3,853	3,642	3,400	1,373	1,337	1,450	1,021	688	880
Eden Prairie	54,901	60,797	82,700	20,457	23,930	33,900	51,006	48,775	64,000
Edina	47,425	47,941	70,800	20,996	20,672	30,200	52,991	47,457	61,100
Excelsior	2,393	2,188	3,000	1,199	1,115	1,300	1,823	2,220	2,240
Fort Snelling (unorg.)	442	149	190	-	135	140	35,526	23,215	24,000
Golden Valley	20,281	20,371	28,900	8,449	8,816	12,300	30,142	33,194	38,800
Greenfield	2,544	2,777	4,000	817	936	1,810	337	613	620
Greenwood	729	688	760	285	290	330	161	82	240
Hanover (pt)	332	609	890	113	196	400	86	36	90
Hopkins	17,367	17,591	27,400	8,359	8,366	12,300	11,979	11,009	13,200

	POPULATION			HOUSEHOLDS			EMPLOYMENT		
	2000	2010	2040	2000	2010	2040	2000	2010	2040
Independence	3,236	3,504	5,100	1,088	1,241	2,310	169	587	850
Long Lake	1,842	1,768	2,600	756	732	1,100	2,510	1,093	1,820
Loretto	570	650	790	225	269	350	661	366	340
Maple Grove	50,365	61,567	89,600	17,532	22,867	37,000	18,309	29,877	40,700
Maple Plain	2,088	1,768	2,800	770	723	1,250	1,792	1,579	1,930
Medicine Lake	368	371	530	159	160	220	10	15	100
Medina	4,005	4,892	7,600	1,309	1,702	3,300	3,254	3,351	6,000
Minneapolis	382,747	382,578	487,700	162,352	163,540	209,900	308,127	281,732	419,100
Minnetonka	51,102	49,734	74,700	21,267	21,901	32,200	51,276	44,228	60,100
Minnetonka Beach	614	539	500	215	201	240	201	174	40
Minnetrista	4,358	6,384	11,800	1,505	2,176	5,200	379	665	740
Mound	9,435	9,052	11,100	3,982	3,974	5,100	1,811	1,165	1,660
New Hope	20,873	20,339	26,800	8,665	8,427	11,800	13,565	11,080	15,000
Orono	7,538	7,437	10,100	2,766	2,826	4,400	1,110	1,562	1,650
Osseo	2,434	2,430	3,700	1,035	1,128	1,720	2,312	1,749	1,890
Plymouth	65,894	70,576	101,800	24,820	28,663	42,200	53,491	46,227	68,500
Richfield	34,310	35,228	45,400	15,073	14,818	20,300	11,762	15,604	19,600
Robbinsdale	14,123	13,953	18,800	6,097	6,032	8,500	7,109	6,858	7,600
Rockford (pt)	144	426	870	57	184	400	384	94	630
Rogers ◊	6,051	11,197	15,900	1,973	3,748	6,900	5,414	7,907	12,900
St. Anthony (pt)	5,664	5,156	7,600	2,402	2,210	3,200	1,992	1,626	1,900
St. Bonifacius	1,873	2,283	2,420	681	863	1,040	436	478	460
St. Louis Park	44,102	45,250	68,200	20,773	21,743	30,500	40,696	40,485	46,100
Shorewood	7,400	7,307	8,100	2,529	2,658	3,400	782	1,113	1,430
Spring Park	1,717	1,669	2,410	930	897	1,000	1,028	583	1,140
Tonka Bay	1,547	1,475	1,470	614	586	680	266	298	430
Wayzata	4,113	3,688	6,100	1,929	1,795	2,700	6,268	4,567	7,200
Woodland	480	437	450	173	169	190	22	8	30
Hennepin County Total	1,116,206	1,152,425	1,547,180	456,131	475,913	664,430	877,346	805,089	1,099,400
RAMSEY COUNTY									
Arden Hills	9,652	9,552	12,500	2,959	2,957	4,300	12,326	12,402	17,900
Blaine (pt)	-	-	-	-	-	-	677	893	1,080
Falcon Heights	5,572	5,321	5,800	2,103	2,131	2,380	4,190	5,298	4,600
Gem Lake	419	393	510	139	155	240	586	526	600
Lauderdale	2,364	2,379	2,900	1,150	1,130	1,360	360	718	1,010
Little Canada	9,771	9,773	13,900	4,375	4,393	6,300	5,960	5,467	8,300
Maplewood	35,258	38,018	49,700	13,758	14,882	21,400	29,259	27,635	33,200
Mounds View	12,738	12,155	15,700	5,018	4,954	6,900	4,170	6,386	7,800
New Brighton	22,206	21,456	28,900	9,013	8,915	12,700	11,007	9,213	12,300
North Oaks	3,883	4,469	6,200	1,300	1,746	2,500	1,091	1,260	1,080
North St. Paul	11,929	11,460	14,800	4,703	4,615	6,800	3,499	2,942	3,500
Roseville	33,690	33,660	46,300	14,598	14,623	20,600	39,211	35,104	45,000
St. Anthony (pt)	2,348	3,070	4,200	1,295	1,638	1,900	1,390	1,357	2,050
St. Paul	286,840	285,068	338,900	112,109	111,001	146,000	188,124	175,933	253,400
Shoreview	25,924	25,043	35,000	10,125	10,402	14,900	9,938	11,665	14,800
Spring Lake Park (pt)	105	178	220	48	75	100	202	66	20
Vadnais Heights	13,069	12,302	18,600	5,064	5,066	8,200	7,164	6,678	12,300
White Bear Township	11,293	10,949	14,300	4,010	4,261	6,200	2,131	2,309	3,400
White Bear Lake (pt)	23,974	23,394	31,000	9,469	9,747	14,100	12,020	11,085	13,600
Ramsey County Total	511,035	508,640	639,430	201,236	202,691	276,880	333,305	316,937	435,940

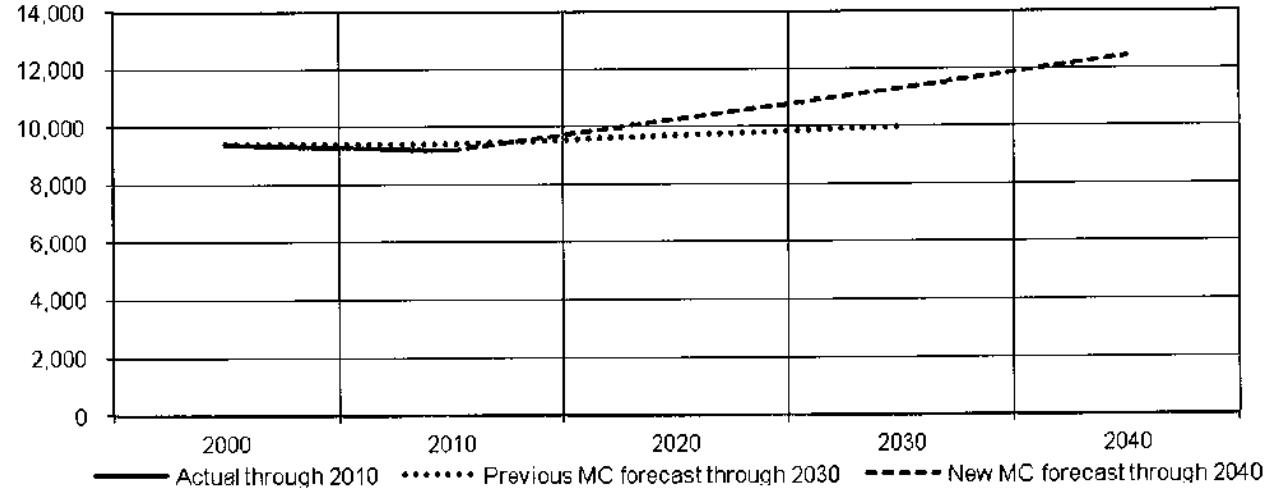
	POPULATION			HOUSEHOLDS			EMPLOYMENT		
	2000	2010	2040	2000	2010	2040	2000	2010	2040
SCOTT COUNTY									
Belle Plaine	3,789	6,661	11,500	1,396	2,362	5,100	1,428	1,847	2,700
Belle Plaine Township	806	878	830	266	310	370	77	69	130
Blakeley Township	496	418	350	166	165	170	70	69	150
Cedar Lake Township	2,197	2,779	3,200	719	939	1,440	91	82	250
Credit River Township	3,895	5,096	5,900	1,242	1,662	2,600	265	397	330
Elko New Market	804	4,110	8,000	286	1,259	3,500	248	317	750
Helena Township	1,440	1,648	1,540	450	548	730	473	147	420
Jackson Township	1,361	1,464	1,480	461	486	650	92	168	620
Jordan	3,833	5,470	7,200	1,349	1,871	3,300	1,321	1,587	2,450
Louisville Township	1,359	1,266	1,040	410	425	440	476	298	350
New Market Township	3,057	3,440	2,800	956	1,146	1,200	262	325	240
New Prague (pt)	3,157	4,280	7,400	1,160	1,618	3,500	2,282	2,142	2,480
Prior Lake	15,917	22,796	34,300	5,645	8,447	14,700	7,972	7,766	11,800
St. Lawrence Township	472	483	560	144	161	250	145	48	210
Sand Creek Township	1,551	1,521	1,210	478	554	570	249	298	530
Savage	21,115	26,911	34,400	6,807	9,116	14,100	5,366	6,753	9,900
Shakopee	20,568	37,076	49,800	7,540	12,772	20,100	13,938	18,831	28,800
Spring Lake Township	3,681	3,631	3,500	1,217	1,267	1,590	176	390	180
Scott County Total	89,498	129,928	175,010	30,692	45,108	74,310	34,931	41,534	62,290
WASHINGTON COUNTY									
Afton	2,839	2,886	3,800	996	1,081	1,700	351	411	530
Bayport	3,162	3,471	4,600	763	855	1,310	4,900	3,790	5,000
Baytown Township	1,533	1,617	2,060	492	573	930	154	69	210
Birchwood Village	968	870	890	357	351	400	20	25	30
Cottage Grove	30,582	34,589	40,700	9,932	11,719	17,400	6,263	6,484	9,200
Dellwood	1,033	1,065	1,200	353	373	510	282	277	310
Denmark Township	1,348	1,737	2,280	481	615	990	386	629	520
Forest Lake	14,440	18,377	26,900	5,433	7,015	12,400	6,636	6,449	10,200
Grant	4,026	4,094	4,300	1,374	1,463	1,890	750	449	670
Grey Cloud Island Township	307	295	250	117	117	120	50	10	60
Hastings (pt)	3	-	-	2	-	-	224	64	100
Hugo	6,363	13,332	23,200	2,125	4,990	10,300	1,917	1,973	3,500
Lake Elmo	6,863	8,061	11,700	2,347	2,776	5,000	1,682	1,941	3,000
Lakeland	1,917	1,796	2,800	691	681	1,320	374	302	470
Lakeland Shores	355	311	390	116	117	180	20	26	40
Lake St. Croix Beach	1,140	1,053	1,280	462	460	580	50	129	100
Landfall	700	663	610	292	257	270	50	25	20
Mahtomedi	7,563	7,676	8,800	2,503	2,827	3,900	1,252	2,090	2,600
Marine on St. Croix	602	689	1,000	254	302	460	235	124	200
May Township	2,928	2,776	3,700	1,007	1,083	1,670	40	66	150
Newport	3,715	3,435	5,200	1,418	1,354	2,500	2,480	1,605	2,210
Oakdale	26,653	27,401	33,900	10,243	10,956	14,900	7,812	8,651	13,700
Oak Park Heights	3,777	4,445	6,300	1,528	1,911	2,700	2,713	4,358	5,400
Pine Springs	421	408	410	140	144	180	10	72	100
St. Marys Point	344	366	400	132	147	180	10	15	10
St. Paul Park	5,070	5,273	7,500	1,829	1,967	3,400	1,399	1,515	1,800
Scandia	3,692	3,934	4,900	1,294	1,498	2,240	272	519	780
Stillwater	15,323	18,227	23,100	5,797	7,076	10,400	10,719	9,628	10,400
Stillwater Township	2,553	2,364	2,210	833	855	1,000	120	165	210
West Lakeland Township	3,547	4,054	6,400	1,101	1,286	2,800	313	232	450
White Bear Lake (pt)	351	403	560	149	198	260	131	184	130
Willernie	549	507	680	225	218	300	135	182	270
Woodbury	46,463	61,961	78,200	16,676	22,594	31,400	15,899	19,438	28,600
Washington County Total	201,130	238,136	310,220	71,462	87,859	133,590	67,649	71,897	100,970
METRO AREA	2,642,062	2,849,567	3,736,000	1,021,456	1,117,749	1,614,000	1,806,283	1,943,872	2,133,000

Metropolitan Council 2040 Forecasts for Crystal (Preliminary, 9/11/2013)

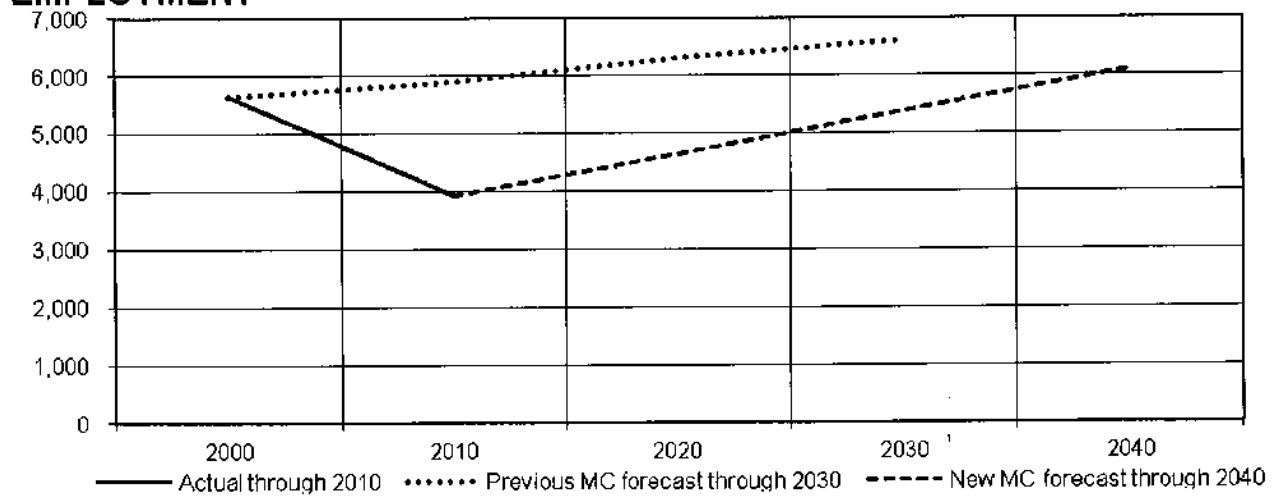
POPULATION



HOUSEHOLDS



EMPLOYMENT



Ex. C

Memorandum

DATE: October 30, 2013

TO: Mayor and City Council (for November 5, 2013 Council Work Session)

FROM: Charles Hansen and Patrick Peters CH PP

SUBJECT: Public Works Facility Financing

Update on Site Acquisition

The city has received appraisals for the parcels on West Broadway comprising the site for a new Public Works facility. The five parcels together appraised at $2.5 million. While negotiations have yet to commence, communications with the property owners suggest that the Council will need to consider exercising its eminent domain authority for at least one of the parcels should staff not be successful in negotiating friendly acquisitions. Condemnation action likely will result in higher acquisition costs due to expenses related to attorney's fees and relocation obligations under the law.

The use of eminent domain was not unanticipated and, in fact, it is likely that the assembly of most if not all of the sites studied earlier for a public works site would require condemnation, as discussed at the May 21, 2013 Council work session. Stated differently, *it is unlikely that a new [or expanded] site for the Public Works facility can be assembled without the city exercising its authority to use eminent domain for this public purpose.*

Bond Financing

If the City goes ahead with land acquisition, the City Council must come to agreement on a financing strategy for the project. Without a financing plan in place, the time and money spent getting to the point of a negotiated land purchase or condemnation will be pointless.

There are three scenarios for financing the project

1) Use available funds in the Major Building Replacement Fund (MBRF), which has a current balance of $10,200,000.
2) Sell bonds.
3) A combination of the two.

In previous discussions with the Council, some members have expressed a reluctance to draw down the MBRF for a single project. Other members have expressed a reluctance to sell bonds. *Unless an agreement can be reached on the financing, it will not be possible to do the project.*

One suggestion has been to delay the project and find an annual revenue source of $100,000 – $200,000 to build up the MBRF over time. This approach presumes that a continued infusion of revenues ultimately would bring the MBFR to a level where the sale of bonds could be avoided altogether, and the facility could be built without depleting the MBRF. The attached schedule (Attachment A) illustrates why this approach is not feasible. With the current 3% inflation rate in construction costs, about $400,000 a year would need to be added to the MBRF just to stay even with inflation. Real progress toward the goal would require the addition of approximately $1,000,000 a year to the MBRF. Even at that rate, the project would be delayed for several more years.

The sale of bonds is the responsible way to finance major projects like construction of buildings and public infrastructure. Bonding may hold a negative connotation for some because the federal government has misused them, relying on bonds for annual operations not capital projects. But the City of Crystal has a history of responsible use of bonds to successfully finance major projects (swimming pool, County Highway 81 reconstruction, Community Center, special assessments for street reconstruction), resulting in assets that provide long-term benefits. A major advantage of utilizing bonds for the Public Works project is that they will be repaid within the useful life of the facility. Citizens who receive the benefit of services provided by the facility in the future will pay for a portion of it.

If bonds were to be sold in 2014, a tax levy to pay debt service would begin with taxes collected in 2015. Since the final tax levy for the County Highway 81 bonds will be collected with 2014 taxes, this timing is ideal. The $563,153 annual levy payable in 2014 for the County Highway 81 bonds could become the $563,153 annual levy payable in 2015 for the Building Improvement bonds sold in 2014. This tax levy could support 15-year bonds t otaling about $6,000,000, assuming interest rates don't increase before the bonds are sold. The bonds can be less than $6,000,000 if the MBRF contributes more.

Depending on a) the final costs associated with land acquisition, building construction and site improvements for the Public Works facility; b) the amount of the bonds to be sold; and c) the amount to be contributed from the Utility Fund (estimated at ± $1,000,0000), the MBRF might be drawn down to about half its current balance. Council members are aware that there currently is no annual revenue dedicated to the MBRF that will build it back up. However, there will be opportunities from time to time to transfer excess money from other city funds or deposit one-time revenues into the MBRF. This may not get the balance back up to the current $10,000,000 anytime soon, but it is a way to replenish the MBRF gradually over time in anticipation of other projects.

<u>Bottom Line</u>

1) To keep project costs under control, it is important to stay on schedule. As such, decisions related to project financing and site acquisition, including use of eminent domain, must be made now.
2) The use of bonding for development of a new Public Works facility is reasonable and represents a responsible approach to financing a capital project that has long-term benefit. Without bonding, it is likely that the project is not feasible.
3) A decision at this time by the Council on funding a new Public Works facility helps bring clarity to the on-going discussions of the city's general fund budget.

Public Works Facility
Projected Cost Increases Over Time

Several alternatives have been discussed for financing construction of the new facility. One is to delay construction and build up more cash in the Major Building Replacement Fund. The goal being to reduce or eliminate bonding and to avoid drawing the the Major Building Replacement Fund down to about half its current level. A complicating factor is that while we are delaying construction, there will be inflation in the construction costs. Kodet Architectural estimates that this inflation could be 3% to 5% in the next year. Since it would take several years to build up a significant amount of additional cash in the Replacement Fund, the table below goes out nine years and assume 3% each year.

Construction Cost Inflation Rate 3.00%

Year of Construction	Estimated Cost	Cost Increase
2014	12,354,040	
2015	12,724,661	370,621
2016	13,106,401	381,740
2017	13,499,593	393,192
2018	13,904,581	404,988
2019	14,321,718	417,137
2020	14,751,370	429,652
2021	15,193,911	442,541
2022	15,649,728	455,817

The beginning estimated cost is the mid point between the high and low estimates for Scheme 10 with the land cost increased by $1,000,000 to provide for current estimates of the cost of the DSMI site. If the City were to delay construction in order to build up a larger balance in the Major Building Replacement Fund prior to construction, then it would need to be adding the amount shown in the Cost Increase column just to stay even with inflation in construction costs. To get ahead of inflation, it would be necessary to add substantially more than the amount shown in the Cost Increase column to make headway.

Attachment A