

**RESOLUTION NO. 2017-02**

**STATE OF MINNESOTA  
COUNTY OF ANOKA  
CITY OF CIRCLE PINES**

**Resolution Authorizing Participation in State Performance Measures and Continuation of  
the Ten City Performance Measures of the Local Results and Innovation Council**

**WHEREAS,** Benefits to the City of Circle Pines for participation in the Minnesota Council on Local Results and Innovation's comprehensive performance measurement program are outlined in MS 6.91 and include eligibility for a reimbursement as set by State statute; and

**WHEREAS,** Any city participating in the comprehensive performance measurement program is also exempt from levy limits for taxes, if levy limits are in effect; and

**WHEREAS,** The City Council of Circle Pines has adopted and implemented at least 10 of the performance measures, as developed by the Council on Local Results and Innovation, and a system to use this information to help plan, budget, manage and evaluate programs and processes for optimal future outcomes; and

**NOW THEREFORE LET IT BE RESOLVED THAT,** The City Council of Circle Pines will continue to report the results of the performance measures to its citizenry by the end of the year through publication, direct mailing, posting on the city's website, or through a public hearing at which the budget and levy will be discussed and public input allowed.

**BE IT FURTHER RESOLVED,** The City Council of Circle Pines will submit to the Office of the State Auditor the actual results of the performance measures adopted by the city.

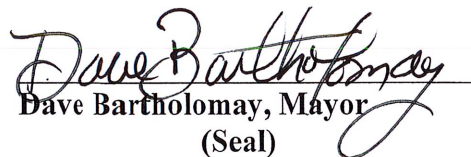
Adopted this 13th day of June, 2017 by the City Council of the City of Circle Pines.

4 Ayes, 0 Nays, 0 Abstention

**ATTEST:**



**Patrick Antonen, City Administrator**



**Dave Bartholomay, Mayor**  
(Seal)



City of

**CIRCLE PINES**

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## **City Survey Results**

### **How is the City of Circle Pines Performing?**

The City Council has committed to participating in the state performances measures and adopting ten city performances measures of the local results innovation council. As a part of the initiative, the city conducted this survey online for residents to respond to. We will continue to survey and track our performance to make improvements. The current results are consistent with our past positive survey results. The results of the survey are as follows.

How would you rate the overall appearance of the city?

29% Excellent  
59% Good  
11% Fair  
21% Poor  
0% Don't Know

How would you describe your overall feeling of safety in the city?

73% Very Safe  
24% Somewhat Safe  
2% Somewhat Unsafe  
1% Very Unsafe  
0% Don't Know

How would you rate the overall quality of fire protection services in the city?

37% Excellent  
33% Good  
1% Fair  
0% Poor  
29% Don't Know

How would you rate the overall condition of the city streets?

14% Excellent  
66% Good  
16% Fair  
4% Poor  
0% Don't Know

How would you rate the overall quality of snowplowing on city streets?

28% Excellent  
52% Good  
11% Fair  
3% Poor  
7% Don't Know

How would you rate parks and trails system?

40% Excellent  
45% Good  
6% Fair  
2% Poor  
7% Don't Know

How would you rate the dependability and quality of city sanitary sewer?

46% Excellent  
43% Good  
2% Fair  
2% Poor  
8% Don't Know

How would you rate the dependability and quality of city water supply?

44% Excellent  
37% Good  
9% Fair  
4% Poor  
7% Don't Know

How would you rate police services?

41% Excellent  
35% Good  
7% Fair  
2% Poor  
16% Don't Know

How would you rate the ambulance services?

17% Excellent  
26% Good  
0% Fair  
0% Poor  
57% Don't Know

How would you rate the quality of licensing, permitting and building inspections?

14% Excellent  
33% Good  
7% Fair  
2% Poor  
45% Don't Know

How would you rate the city's overall quality of services?

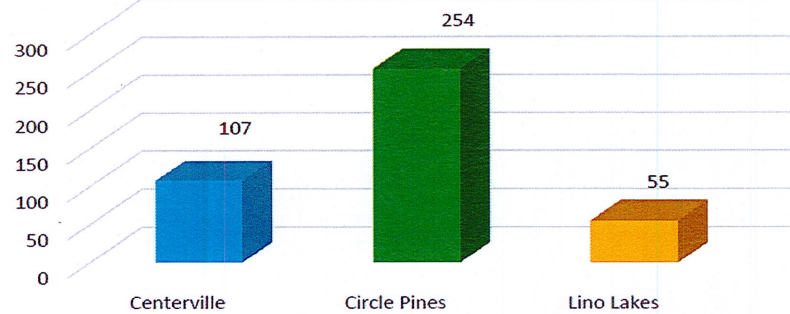
39% Excellent  
52% Good  
4% Fair  
0% Poor  
5% Don't Know

2018 Budget -	Circle Pines	Total
2012 Calls for Service	217	217
2013 Calls for Service	265	265
2014 Calls for Service	246	246
2015 Calls for Service	281	281
2016 Calls for Service	254	254
Total	1,263	1,263
Five Year Average	252.60	252.60
Market Value per Anoka County	377,679,500	377,679,500
Market Value divided by 1,000,000	377.68	377.68
Population per Anoka County	5,014	5,014
Population divided by 100	50.14	50.14
CALCULATION		
Five Year Average of Runs	252.60	252.60
Market Value divided by 1,000,000	377.68	377.68
Population divided by 100	50.14	50.14
Total	680.42	680.42
Percentage of Total	100.0%	100.0%
2018 Budget	\$ 599,931	\$ 599,931
Miscellaneous Calculations		
Cost per resident	119.65	119.65
Cost per 100,000 valuation	158.85	158.85

2017 Anoka Taxes -County Administrator

2017 Anoka County Public Officials Guide

Centennial Fire District  
Calls by City 2016



ANOKA COUNTY

2017  
ESTIMATED MARKET VALUE

Notes: PROD

NAME	TOTAL	TOTAL PP	TOTAL RE	AG	RES HST	RES NHS	CI	UTIL	RR	SEAS REC
<b>Townships</b>										
LINWOOD	465,348,000	3,926,200	461,421,800	18,721,000	391,860,550	37,592,750	1,672,600	2,377,700	0	9,197,200
<b>Cities</b>										
ANDOVER	2,806,893,400	28,181,200	2,778,712,200	39,147,000	2,411,486,850	198,568,650	117,099,500	9,583,400	2,826,800	0
ANOKA	1,362,116,000	7,254,200	1,354,861,800	232,800	746,790,800	308,958,200	294,913,600	0	3,966,400	0
BETHEL	30,353,100	1,242,400	29,110,700	656,300	20,394,300	3,905,700	3,620,500	0	533,900	0
BLAINE	5,924,038,400	80,072,300	5,843,966,100	18,472,400	4,100,680,900	722,444,700	996,142,200	6,225,900	0	0
CENTERVILLE	345,829,900	2,550,300	343,279,600	2,944,900	292,951,550	24,192,350	23,190,800	0	0	0
CIRCLE PINES	377,679,500	1,603,700	376,075,800	0	311,692,900	49,266,600	15,053,000	63,300	0	0
COLUMBIA HEIGHTS	1,214,009,300	6,821,300	1,207,188,000	0	830,363,450	257,643,750	94,234,500	0	4,946,300	0
COLUMBUS	527,730,200	6,593,300	521,136,900	44,226,300	361,401,000	44,215,500	68,067,700	147,300	0	3,079,100
COON RAPIDS	4,820,952,200	39,277,600	4,781,674,600	3,016,300	3,155,037,600	701,927,200	884,480,400	25,374,500	11,195,600	643,000
EAST BETHEL	979,726,000	10,143,500	969,582,500	38,183,500	791,643,850	82,506,550	46,149,300	138,300	76,200	6,884,800
FRIDLEY	2,416,338,500	27,633,600	2,388,704,900	0	1,203,064,750	387,786,850	765,967,600	3,007,300	28,878,400	0
HAMLAKE	1,640,059,400	17,437,700	1,622,621,700	41,798,200	1,330,537,650	122,744,550	124,200,600	814,600	0	2,526,100
HILLTOP	23,577,400	341,300	23,236,100	0	2,271,400	11,778,700	9,186,000	0	0	0
LINCOLN	121,922,900	1,577,600	120,345,300	0	75,377,600	26,329,200	18,638,500	0	0	0
LINO LAKES	1,912,116,700	19,997,100	1,892,119,600	46,504,000	1,567,253,600	131,383,100	143,804,200	107,300	0	3,067,400
NOWTHEN	500,304,300	6,363,000	493,941,300	82,523,800	363,972,800	31,355,200	14,722,000	1,367,500	0	0
OAK GROVE	798,571,300	8,396,700	790,174,600	41,904,000	676,062,750	50,566,850	17,251,400	0	1,681,200	2,708,400
RAMSEY	2,236,219,500	21,166,600	2,215,052,900	24,502,600	1,676,645,750	241,157,850	268,806,100	691,300	3,249,300	0
SPRING LAKE PARK	478,674,100	3,082,900	475,591,200	0	304,044,350	84,640,850	86,785,700	120,300	0	0
ST FRANCIS	481,789,900	7,013,300	474,776,600	28,501,800	349,402,750	64,914,850	31,397,400	385,100	174,700	0
<b>County</b>										

# RatingsDirect®

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## Summary:

# Circle Pines, Minnesota; General Obligation

### Primary Credit Analyst:

Angel A Bacio, Centennial 303-721-4671; angel.bacio@standardandpoors.com

### Secondary Contact:

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## Summary:

# Circle Pines, Minnesota; General Obligation

### Credit Profile

US\$3.675 mil GO bnds ser 2016B dtd 04/14/2016 due 02/01/2032

*Long Term Rating* AA/Stable New

US\$1.865 mil GO cap nts ser 2016A dtd 04/14/2016 due 02/01/2026

*Long Term Rating* AA/Stable New

Circle Pines GO

*Long Term Rating* AA/Stable Affirmed

## Rationale

Standard & Poor's Ratings Services assigned its 'AA' long-term rating to Circle Pines, Minn.'s series 2016A unlimited-tax general obligation (GO) capital notes and 2016B unlimited-tax GO bonds. At the same time, we affirmed our 'AA' long-term rating on the city's GO debt outstanding. The outlook is stable.

The city's full faith, credit, and resources and its unlimited property tax pledge secure the bonds. Bond proceeds for the 2016A will be used for telecommunications equipment and bond proceeds for the 2016B will be used for various street and utility improvements. We understand that the city has also pledged special assessments though our rating is based on the unlimited tax pledge.

The rating reflects our view of the city's:

- Strong economy, with access to a broad and diverse metropolitan statistical area (MSA);
- Strong management, with good financial policies and practices under our Financial Management Assessment (FMA) methodology;
- Strong budgetary performance, with operating surpluses in the general fund and at the total governmental fund level in fiscal 2014;
- Very strong budgetary flexibility, with a high available fund balance in fiscal 2014 of 131% of operating expenditures;
- Very strong liquidity, with total government available cash at 3.8x total governmental fund expenditures and 11.2x governmental debt service, and access to external liquidity we consider strong;
- Weak debt and contingent liability position, with debt service carrying charges at 34.4% of expenditures and net direct debt that is 352.8% of total governmental fund revenue, but rapid amortization, with 82.2% of debt scheduled to be retired in 10 years; and
- Strong institutional framework score.

### Strong economy

We consider Circle Pines' economy strong. The city, with an estimated population of 5,008, is located in Anoka County in the Minneapolis-St. Paul-Bloomington MSA, which we consider to be broad and diverse. The city has a projected per capita effective buying income of 119% of the national level and per capita market value of \$71,174. Overall, the

city's market value grew by 2.1% to \$356.4 million in 2015. The county unemployment rate was 4% in 2014.

Circle Pines encompasses an area of 2.3 square miles and is approximately 15 miles north of St. Paul. The city's tax base is primarily residential (91%) with a small portion coming from the commercial/industrial sector (8%). The leading employer in the city is the local school district, which employs roughly 1,000 people. Additional employment opportunities are available to residents of the city in St. Paul given the close proximity. Taxable value has increased by 15.6% since the 2013 valuation. Management expects that the increase will continue, and based on the trend we believe this to be likely.

### **Strong management**

We view the city's management as strong, with good financial policies and practices under our FMA methodology, indicating financial practices exist in most areas, but that governance officials might not formalize or monitor all of them on a regular basis.

Management highlights include:

- Use of three to four years of historical information with help from outside sources to include the state and a line-by-line approach to budgeting,
- Semiannual reporting of budget-to-actual results with the ability to amend the budget as needed,
- No formalized long-term financial plan,
- Five-year long-term capital plan that is updated at least every other year with sources and uses of funds identified,
- Formal investment management policy with annual reporting of investments and holdings,
- Formalized debt management policy that is more restrictive than state guidelines and contains restrictions in using variable-rate debt and derivative-based debt, and
- Formalized fund balance policy to maintain reserves at 55% of the upcoming year's budgeted expenditures for cash flow needs.

### **Strong budgetary performance**

Circle Pines' budgetary performance is strong in our opinion. The city had operating surpluses of 11.3% of expenditures in the general fund and of 9.5% across all governmental funds in fiscal 2014. Our assessment accounts for our anticipation that budgetary results could deteriorate somewhat from 2014 results in the near term.

We made our calculations after adjusting the city's one-time capital expenditures. For fiscal 2014 (ended Dec. 31) the city budgeted for break-even operations but ended the year with a positive variance and added \$255,000 to reserves, which management attributes to lower-than-budgeted expenditures. For fiscal 2015 the city adopted a balanced budget. Unaudited results for 2015 depict an operational surplus of \$399,843. Management attributes this variance to lower-than-budgeted expenditures mainly stemming from a purchase of fire equipment that may later be bought under a grant. Management anticipates ending 2015 with at least break-even results from a total government fund standpoint. For fiscal 2016 the city has budgeted for break-even results for the general fund. We understand that the city anticipates an increase in public safety as it transitions to a two-city fire district and is budgeting for a replacement of street lighting. Based on these increases in expenditures, coupled with the current budget, we believe the city will likely maintain budgetary performance that is strong though not as strong as in fiscal 2015.

### **Very strong budgetary flexibility**

Circle Pines' budgetary flexibility is very strong, in our view, with a high available fund balance in fiscal 2014 of 131% of operating expenditures, or \$3 million. We expect the available fund balance to remain above 75% of expenditures for the current and next fiscal years, which we view as a positive credit factor. Over the past three years, the total available fund balance has remained at a consistent level overall, totaling 128% of expenditures in 2013 and 125% in 2012.

Although the city has assigned a majority of the fund balance, we understand that it has the flexibility to reallocate these assigned fund balances if need be for operational purposes. Based on the current budget, minimal capital needs, and historical ability to outperform the budget, we expect budgetary flexibility to remain very strong and above 75%.

### **Very strong liquidity**

In our opinion, Circle Pines' liquidity is very strong, with total government available cash at 3.8x total governmental fund expenditures and 11.2x governmental debt service in 2014. In our view, the city has strong access to external liquidity if necessary.

We believe that the city has strong access to external liquidity, as it has issued GO and revenue-backed debt, which demonstrates access to capital markets. We expect the city's cash position, with respect to its total governmental expenditures and debt service, to change little during the next two years and remain very strong. We understand that the city has no potential contingent liabilities that could have an adverse impact on its cash position. The city maintains investments in highly rated securities and has a formalized investment management policy, so we do not view its investment strategies as aggressive.

### **Weak debt and contingent liability profile**

In our view, Circle Pines' debt and contingent liability profile is weak. Total governmental fund debt service is 34.4% of total governmental fund expenditures, and net direct debt is 352.8% of total governmental fund revenue.

Approximately 82.2% of the direct debt is scheduled to be repaid within 10 years, which is in our view a positive credit factor.

The debt profile does not include revenue debt and debt fully self-supported by the city's enterprise funds. The city plans to issue an additional \$3.5 million for street repair in 2018. Also, management has confirmed that it does not have any alternative financing.

Circle Pines' pension contributions totaled 1.9% of total governmental fund expenditures in 2014. The city made its full annual required pension contribution in 2014.

The city covers all full-time and certain part-time employees by defined benefit plans administered by the Public Employees Retirement Assn. of Minnesota (PERA). PERA administers the General Employees Retirement Fund, a cost-sharing multi-employer retirement plan. We understand the city has no financial obligations related to other postemployment benefits.

### **Strong institutional framework**

The institutional framework score for Minnesota cities with a population greater than 2,500 is strong.



## Outlook

The stable outlook reflects our view that the city will maintain its very strong budgetary flexibility, and as such we do not expect to change the ratings within the two-year outlook period. The city has been able to maintain strong budgetary performance, so we expect that it will continue to address any potential budgetary pressures to maintain fiscal balance and reserves that are very strong.

### Upside scenario

A higher rating is possible if the city's economic profile were to improve to levels commensurate with those of higher-rated peers, which could occur if the city's income level and market value per capita were to increase coupled with a decrease in overall debt burden, or if the city were to run a budgetary surplus of more than 5% on a sustained basis with all other factors remaining constant.

### Downside scenario

A lower rating is possible if the budgetary performance were to decline to a level we view as weak or very weak, causing a significant deterioration in the city's budgetary flexibility. Based on historical performance, we do not view that as likely.

## Related Criteria And Research

### Related Criteria

- USPF Criteria: Local Government GO Ratings Methodology And Assumptions, Sept. 12, 2013
- USPF Criteria: Financial Management Assessment, June 27, 2006
- USPF Criteria: Debt Statement Analysis, Aug. 22, 2006
- USPF Criteria: Methodology: Rating Approach To Obligations With Multiple Revenue Streams, Nov. 29, 2011
- USPF Criteria: Assigning Issue Credit Ratings Of Operating Entities, May 20, 2015
- Criteria: Use of CreditWatch And Outlooks, Sept. 14, 2009

### Related Research

- S&P Public Finance Local GO Criteria: How We Adjust Data For Analytic Consistency, Sept. 12, 2013
- Institutional Framework Overview: Minnesota Local Governments

### Ratings Detail (As Of March 18, 2016)

Circle Pines GO

*Long Term Rating*

AA/Stable

Affirmed

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at [www.standardandpoors.com](http://www.standardandpoors.com) for further information. Complete ratings information is available to subscribers of RatingsDirect at [www.globalcreditportal.com](http://www.globalcreditportal.com). All ratings affected by this rating action can be found on Standard & Poor's public Web site at [www.standardandpoors.com](http://www.standardandpoors.com). Use the Ratings search box located in

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