CITY OF SOUTH ST. PAUL
MEETING AGENDA

WORK SESSION

Training Room
125 3rd Avenue North
South St. Paul, MN 55075

Monday, July 14, 2025
7:00 PM

1. CALL TO ORDER

2. DISCUSSION ITEMS

A. Presentation of the City Annual Comprehensive Financial Report for the year ended December 31, 2024 by Jackie Huegel, Principal, LB Carlson

B. 2025 First Quarter Financial Report and Budget Adjustments

C. Pool Feasibility Study Update

D. Compensation Philosophy

3. COUNCIL COMMENTS & QUESTIONS

4. ADJOURNMENT

WORK SESSION AGENDA REPORT

DATE: July 14, 2025
DEPARTMENT: Finance
PREPARED BY: Clara Hilger
AGENDA ITEM NUMBER: 2.A.

MEETING TYPE
Regular Meeting

AGENDA ITEM
Presentation of the City Annual Comprehensive Financial Report for the year ended December 31, 2024 by Jackie Huegel, Principal, LB Carlson

ACTION TO BE CONSIDERED OR DESIRED OUTCOME
Presentation of the Annual Comprehensive Financial Report by the audit firm with discussion to follow.

OVERVIEW
At the close of each fiscal year, the City's chief financial officer must prepare a financial report covering the City's operations during that fiscal year. The report must use generally accepted accounting principles (GAAP) to present financial statements and disclosures that fully portray the City's financial position and the results of City operations.

The EDA and HRA are blended component units of the City and their funds are incorporated into the City's Financial Report. A separate financial report on the low rent housing programs will be issued only to satisfy HUD reporting requirements.

Jackie Huegel, CPA, Principal, with LB Carlson and staff will present the December 31, 2024 Audited Financial Reports (Annual Comprehensive Financial Report, related Management Report, and Special Purpose Audit Reports).

An electronic copy of the complete financial report can be found on the City of South St. Paul Website – www.southstpaul.org – Departments & Services – Finance – Financial Reports.

Acceptance of the Annual Comprehensive Financial Report will be on the Council Agenda for July 21, 2025.

SOURCE OF FUNDS
N/A

ATTACHMENTS
1. South St. Paul Management Report
2. South St. Paul Special Purpose Audit Reports

Management Report

for

City of South St. Paul, Minnesota

December 31, 2024

LB | CARLSON

Certified Public Accountants Business Consultants

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LB | CARLSON

To the City Council and Management
City of South St. Paul, Minnesota

We have prepared this management report in conjunction with our audit of the City of South St. Paul, Minnesota's (the City) financial statements for the year ended December 31, 2024. We have organized this report into the following sections:

- Audit Summary
- Governmental Funds Overview
- Enterprise Funds Overview
- Government-Wide Financial Statements
- Accounting and Auditing Updates

We would be pleased to further discuss any of the information contained in this report or any other concerns that you would like us to address. We would also like to express our thanks for the courtesy and assistance extended to us during the course of our audit.

The purpose of this report is solely to provide those charged with governance of the City, management, and those who have responsibility for oversight of the financial reporting process comments resulting from our audit process and information relevant to city finances in Minnesota. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,

LB Carlson, LLP

LB CARLSON, LLP
Minneapolis, Minnesota

June 25, 2025

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AUDIT SUMMARY

The following is a summary of our audit work, key conclusions, and other information that we consider important or that is required to be communicated to the City Council, administration, or those charged with governance of the City.

OUR RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA, *GOVERNMENT AUDITING STANDARDS*, AND TITLE 2 U.S. CODE OF FEDERAL REGULATIONS PART 200, *UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES, AND AUDIT REQUIREMENTS FOR FEDERAL AWARDS (*UNIFORM GUIDANCE*)*

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended December 31, 2024. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America, *Government Auditing Standards,* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information to you verbally and in our audit engagement letter. Professional standards also require that we communicate the following information related to our audit.

PLANNED SCOPE AND TIMING OF THE AUDIT

We performed the audit according to the planned scope and timing previously discussed and coordinated in order to obtain sufficient audit evidence and complete an effective audit.

AUDIT OPINIONS AND FINDINGS

Based on our audit of the City's financial statements for the year ended December 31, 2024:

- We have issued unmodified opinions on the City's basic financial statements. Our report included a paragraph emphasizing the City's implementation of new Governmental Accounting Standards Board (GASB) authoritative literature which changed the requirements for accounting for groups of similar capital assets this year. Our opinion was not modified with respect to this matter.

- We reported no deficiencies in the City's internal control over financial reporting that we considered to be material weaknesses.

- The results of our testing disclosed no instances of noncompliance required to be reported under *Government Auditing Standards.*

- We reported that the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements.

- The results of our tests indicate that the City has complied, in all material respects, with the types of compliance requirements that could have a direct and material effect on each of its major federal programs.

- We reported no deficiencies in the City's internal controls over compliance that we considered to be material weaknesses with the types of compliance requirements that could have a direct and material effect on each of its major federal programs.

- We reported no findings based on our testing of the City's compliance with Minnesota laws and regulations.

SIGNIFICANT ACCOUNTING POLICIES

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 of the notes to basic financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during the year ended December 31, 2024. However, the City implemented the following governmental accounting standard during the fiscal year:

- As described in Note 1 of the notes to basic financial statements, the City implemented new GASB guidance related to capital assets during the year ended December 31, 2024. This new guidance requires governments to capitalize groups of similar assets if significant, even when individually they are below the government's capitalization threshold. This change resulted in a restatement, which increased beginning net position in the government-wide Statement of Activities and Proprietary Funds Statement of Revenues, Expenses, and Changes in Net Position by $170,200.

We noted no transactions entered into by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

ACCOUNTING ESTIMATES AND MANAGEMENT JUDGMENTS

Accounting estimates are an integral part of the basic financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements, and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- **OPEB and Pension Benefits** – The City has recorded liabilities and activity for other post-employment benefits (OPEB) and pension benefits. Actuarial estimates of these obligations are calculated using actuarial methodologies described in GASB Statement Nos. 68 and 75. The actuarial calculations include significant assumptions, including projected changes, healthcare insurance costs, investment returns, retirement ages, proportionate share, and employee turnover.

- **Depreciation** – Management's estimates of depreciation expense are based on the estimated useful lives of the assets.

- **Value of Land Held for Resale** – These assets are stated at net realizable value based on management's estimates.

- **Compensated Absences** – Management's estimate is based on current rates of pay and unused compensated absence balances, and the likelihood compensated absences will be paid out over the course of employment or at termination.

- **Self-Insurance** – Management's estimates of self-insurance reserves are based on the estimated liability for incurred but not reported claims.

- **Unbilled Utilities** – Management's estimates of unbilled utilities are based on the portion of the first billing cycle in the subsequent year applicable to the current year.

We evaluated the key factors and assumptions used by management to develop these accounting estimates in determining that they are reasonable in relation to the basic financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The disclosures included in the notes to the basic financial statements related to OPEB and pension benefits are particularly sensitive, due to the materiality of the liabilities, and the large and complex estimates involved in determining the disclosures.

The financial statement disclosures are neutral, consistent, and clear.

DISAGREEMENTS WITH MANAGEMENT

For purposes of this report, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

DIFFICULTIES ENCOUNTERED IN PERFORMING THE AUDIT

We encountered no significant difficulties in dealing with management in performing and completing our audit.

MANAGEMENT REPRESENTATIONS

We have requested certain representations from management that are included in the management representation letter dated June 25, 2025.

CORRECTED AND UNCORRECTED MISSTATEMENTS

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statement taken as a whole.

MANAGEMENT CONSULTATIONS WITH OTHER INDEPENDENT ACCOUNTANTS

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

OTHER AUDIT FINDINGS OR ISSUES

We generally discuss a variety of matters, including the application of accounting principles and auditing standards with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

OTHER MATTERS

We applied certain limited procedures to the management's discussion and analysis (MD&A), budgetary comparison schedules for the General Fund and major special revenue funds, and the pension and OPEB-related required supplementary information (RSI) that supplement the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the supplementary information accompanying the financial statements and the separately issued Schedule of Expenditures of Federal Awards, which are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

We were not engaged to report on the introductory and statistical sections, which accompany the financial statements, but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

GOVERNMENTAL FUNDS OVERVIEW

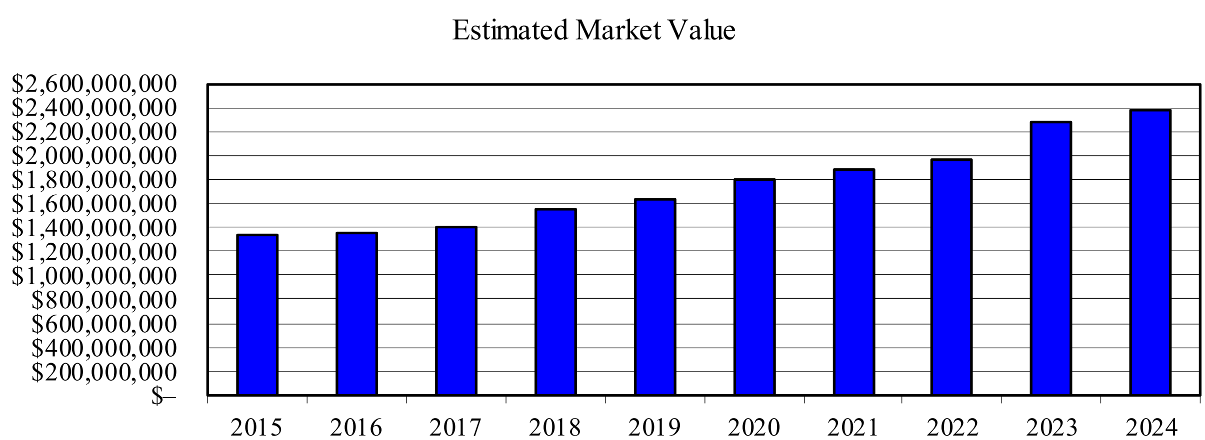
This section of the report provides you with an overview of the financial trends and activities of the City's governmental funds, which includes the General, special revenue, debt service, and capital project funds. These funds are used to account for the basic services the City provides to all of its citizens, which are financed primarily with property taxes. The governmental fund information in the City's financial statements focuses on budgetary compliance and the sufficiency of each governmental fund's current assets to finance its current liabilities.

PROPERTY TAXES

Minnesota cities rely heavily on local property tax levies to support their governmental fund activities. For the 2022 fiscal year (the most recent comparative state-wide data available), local and valorem property tax levies provided 44.1 percent of the total governmental fund revenues for cities over 2,500 in population, and 35.2 percent for cities under 2,500 in population. Total property taxes levied by all Minnesota cities for taxes payable in 2024 increased 7.5 percent compared to the prior year, and 7.7 percent for taxes payable in 2025.

The taxable net tax capacity value of property in Minnesota cities increased about 8.4 percent for the 2024 levy year. The tax capacity values used for levying property taxes are based on the assessed market values for the previous fiscal year (e.g., tax capacity values for taxes levied in 2024 were based on assessed market values as of January 1, 2023), so the trend of change in these tax capacity values lags somewhat behind the housing market and economy in general.

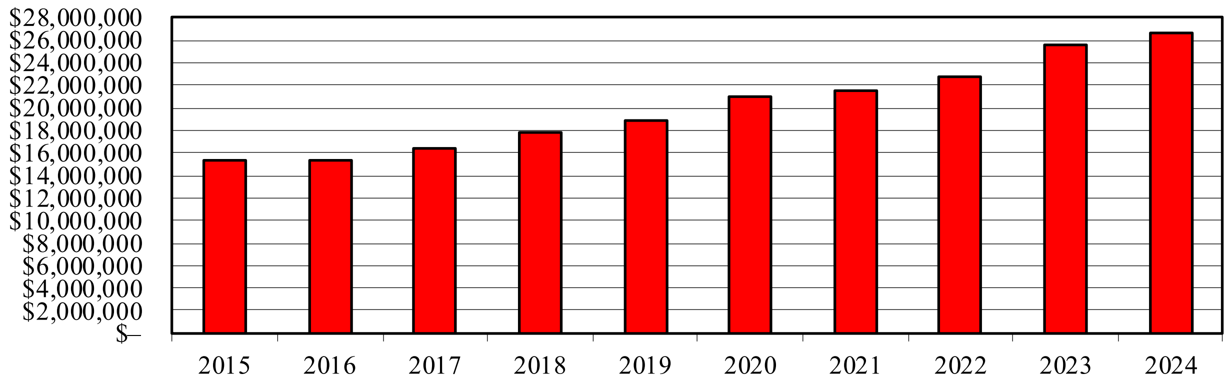
The City's estimated market value increased 15.4 percent in 2023 and 4.3 percent in 2024. The following graph shows the City's changes in estimated market value over the past 10 years:



Tax capacity is considered the actual base available for taxation. It is calculated by applying the state's property classification system to each property's market value. Each property classification, such as commercial or residential, has a different calculation and uses different rates. Consequently, a city's total tax capacity will change at a different rate than its total market value, as tax capacity is affected by the proportion of its tax base that is in each property classification from year-to-year, as well as legislative changes to tax rates. The City's tax capacity increased 12.8 percent for taxes payable in 2023 and increased 3.5 percent for taxes payable in 2024.

The following graph shows the City's change in tax capacities over the past 10 years:

Local Net Tax Capacity



The following table presents the average tax rates applied to city residents for each of the last three levy years:

Rates Expressed as a Percentage of Net Tax Capacity

	City of South St. Paul		
	2022	2023	2024
Average tax rate			
City	64.4	60.2	59.5
County	19.5	17.0	18.3
School	29.1	25.6	24.2
Special taxing	8.2	8.0	9.7
Total	121.2	110.8	111.7

The total average tax rate slightly increased from the prior year with increases in the county and special taxing rates offset by a decrease in the city and school rates.

GOVERNMENTAL FUNDS REVENUE

The following table presents the per capita revenue of the City's governmental funds for the past three years, along with state-wide averages.

We have included the most recent comparative state-wide averages available from the Office of the State Auditor to provide a benchmark for interpreting the City's data. The amounts received from the typical major sources of governmental fund revenue will naturally vary between cities based on factors such as a city's stage of development, location, size and density of its population, property values, services it provides, and other attributes. It will also differ from year-to-year, due to the effect of inflation and changes in its operation. Also, certain data on these tables may be classified differently than how they appear in the City's financial statements in order to be more comparable to the state-wide information, particularly in separating capital expenditures from current expenditures.

We have designed this section of our management report using per capita data in order to better identify unique or unusual trends and activities of the City. We intend for this type of comparative and trend information to complement, rather than duplicate, information in the MD&A. An inherent difficulty in presenting per capita information is the accuracy of the population count, which for most years is based on estimates.

Governmental Funds Revenue per Capita
With State-Wide Averages by Population Class

	State-Wide			City of South St. Paul		
Year	December 31, 2022			2022	2023	2024
Population	2,500–10,000	10,000–20,000	20,000–100,000	20,489	20,541	20,541
Property taxes	$ 586	$ 549	$ 584	$ 780	$ 818	$ 842
Tax increments	37	38	46	108	118	165
Franchise and other taxes	56	72	58	81	75	66
Special assessments	51	34	50	28	38	37
Licenses and permits	43	47	55	33	28	26
Intergovernmental revenues	400	381	223	912	425	523
Charges for services	154	116	137	227	252	265
Other	32	7	(21)	10	74	108
Total revenue	$ 1,359	$ 1,244	$ 1,132	$ 2,179	$ 1,828	$ 2,032

The City's governmental fund revenues for 2024 were $41,729,569, an increase of $4,162,066 (11.1 percent) from the prior year. On a per capita basis, the City received $2,032 in governmental fund revenue for 2024, which is an increase of $204 from the prior year. The largest increases were in intergovernmental revenues, tax increments, other, and property taxes. Intergovernmental revenues, which increased $98 per capita, is due to federal and state funds received for street projects and the taxiway reconstruction project at the airport in fiscal 2024. Tax increments increased $47 per capita, due to increased valuations and the city receiving tax increment on a district for the first time. Other revenues increased $34 per capita, due to improved investment returns and contributions received from a developer for an improvement project. The increase in property taxes of $24 per capita was due to the increased property tax levy approved by the City Council.

GOVERNMENTAL FUNDS EXPENDITURES

The expenditures of governmental funds will also vary from state-wide averages and from year-to-year, based on the City's circumstances. Expenditures are classified into three types as follows:

- **Current** – These are typically the general operating type expenditures occurring on an annual basis, and are primarily funded by general sources, such as taxes and intergovernmental revenues.

- **Capital Outlay and Construction** – These expenditures do not occur on a consistent basis, more typically fluctuating significantly from year-to-year. Many of these expenditures are project-oriented and are often funded by specific sources that have benefited from the expenditure, such as special assessment improvement projects.

- **Debt Service** – Although the expenditures for debt service may be relatively consistent over the term of the respective debt, the funding source is the important factor. Some debt may be repaid through specific sources, such as special assessments or redevelopment funding, while other debt may be repaid with general property taxes.

The City's expenditures per capita of its governmental funds for the past three years, together with comparative state-wide averages, are presented in the following table:

Governmental Funds Expenditures per Capita
With State-Wide Averages by Population Class

	State-Wide			City of South St. Paul		
Year	December 31, 2022			2022	2023	2024
Population	2,500–10,000	10,000–20,000	20,000–100,000	20,489	20,541	20,541
Current						
General government	$ 172	$ 145	$ 126	$ 121	$ 135	$ 170
Public safety	343	312	347	459	500	537
Public works	163	167	120	216	383	346
Parks and recreation	121	137	117	133	150	113
All other	86	88	92	205	234	227
Total current	885	849	802	1,134	1,402	1,393
Capital outlay and construction	509	446	346	942	474	705
Debt service						
Principal	163	133	117	90	112	81
Interest and fiscal charges	43	40	32	38	39	46
Total debt service	206	173	149	128	151	127
Total expenditures	$ 1,600	$ 1,468	$ 1,297	$ 2,204	$ 2,027	$ 2,225

Total expenditures in the City's governmental funds for 2024 were $45,713,851, an increase of $4,083,732 (9.8 percent) from the prior year. On a per capita basis, the City expended a total of $2,225 in 2024, an increase of $198. Capital outlay and construction increased $231 per capita, primarily due to increased tax increment financing activity related to the Concord Exchange project and the taxiway reconstruction project at the airport. Debt service expenditures were $24 lower than last year, due to the early pay off of a bond in the prior year with city funds. The City's current operating costs are higher than average, due to above average costs in most functions noted above.

GOVERNMENTAL FUND BALANCES

The following table summarizes the changes in the fund balances of the City's governmental funds during the year ended December 31, 2024, presented both by fund balance classification and by fund:

Governmental Funds Change in Fund Balance

	Fund Balance as of December 31, 2023	Fund Balance as of December 31, 2024	Change
Fund balances of governmental funds			
Total by classification			
Nonspendable	$ 205,771	$ 297,924	$ 92,153
Restricted	19,220,766	17,699,838	(1,520,928)
Committed	5,501,708	4,632,656	(869,052)
Assigned	3,287,232	4,554,551	1,267,319
Unassigned	9,309,811	6,724,719	(2,585,092)
Total governmental funds	$ 37,525,288	$ 33,909,688	$ (3,615,600)
Total by fund			
General	$ 15,638,442	$ 15,900,960	$ 262,518
Doug Woog Arena	(532,796)	(507,808)	24,988
Airport	156,670	(38,246)	(194,916)
Capital Programs	2,327,143	3,670,519	1,343,376
Local Improvements	869,442	(1,870,316)	(2,739,758)
Tax Increment	8,644,029	6,851,549	(1,792,480)
Airport Improvements	(1,075,964)	(1,871,467)	(795,503)
Other governmental funds	11,498,322	11,774,497	276,175
Total governmental funds	$ 37,525,288	$ 33,909,688	$ (3,615,600)

In total, the fund balances of the City's governmental funds decreased by $3,615,600 during the year ended December 31, 2024. Unassigned fund balance decreased $2,585,092 in unassigned balances for local improvements and airport improvements. Restricted fund balance decreased $1,520,928, mainly in restricted balances for tax increment financing. These decreases were offset by an increase in assigned fund balance. Assigned fund balance increased $1,267,319, mainly in assigned balances for working capital in the Capital Programs Fund.

Doug Woog Arena Fund – This fund had an increase in fund balance of $24,988 and has had to consistently borrow from other funds to fund cash flow needs. The interfund borrowing totals $581,886 at December 31, 2024.

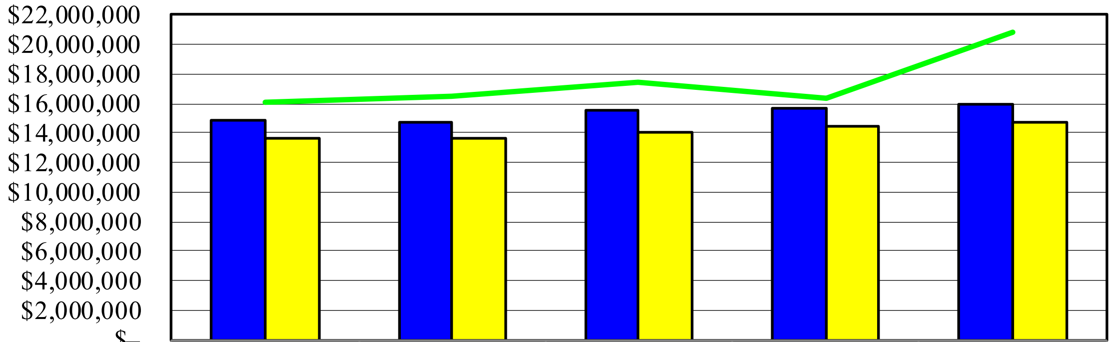
Airport Fund – This fund had a decrease in fund balance of $194,916 and has had to borrow from other funds to fund cash flow needs. The interfund borrowing totals $75,137 at December 31, 2024.

We recommend that the City continue to monitor the financial results in these funds. We also recommend that the City continue to update the long-range financial plan for these funds, including considering plans for financing the payback of the interfund borrowing in these funds.

GENERAL FUND

The City's General Fund accounts for the financial activity of the basic services provided to the community. The primary services included within this fund are the administration of the municipal operation, police, and fire protection, building inspection, streets and highway maintenance, and parks and recreation. The graph below illustrates the change in the General Fund financial position over the last five years. We have also included a line representing annual expenditures to reflect the change in the size of the General Fund operation over the same period.

General Fund Financial Position
Year Ended December 31,



	2020	2021	2022	2023	2024
Fund Balance	$14,868,236	$14,718,955	$15,514,851	$15,638,442	$15,900,960
Cash (Net)	$13,618,097	$13,679,011	$14,072,375	$14,437,644	$14,767,417
Expenditures	$16,109,507	$16,513,093	$17,501,961	$16,405,258	$20,873,938

The City's General Fund cash and investments balance (net of borrowing) at December 31, 2024, was $14,767,417, an increase of $329,773. Total fund balance at December 31, 2024, was $15,900,960, which is an increase of $262,518 from the prior year.

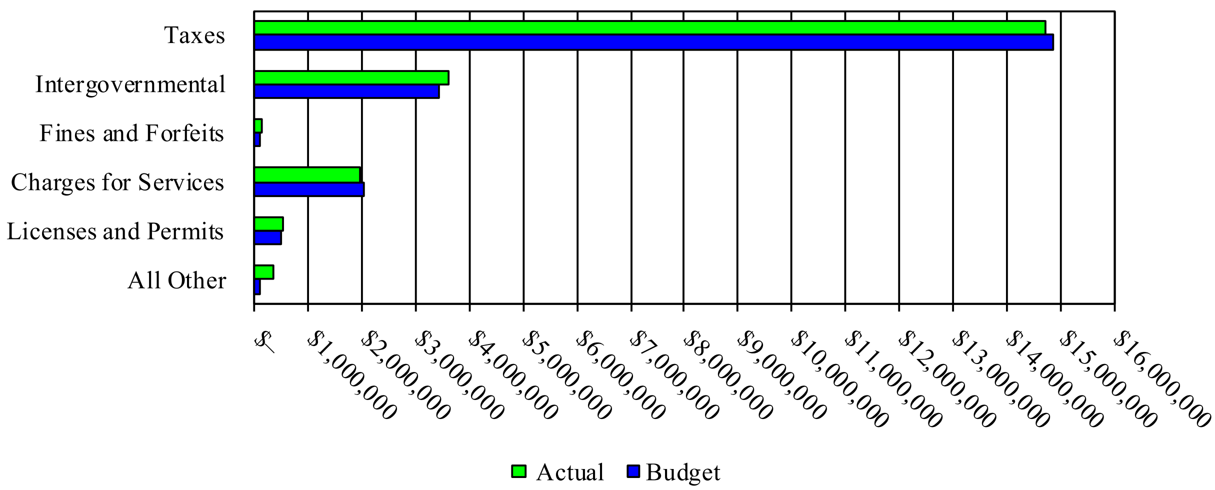
As the graph illustrates, the City has generally been able to maintain stable cash and fund balance levels as the volume of financial activity has fluctuated. This is an important factor because governments, like any organization, requires a certain amount of equity to operate. A healthy financial position allows the City to avoid volatility in tax rates; helps minimize the impact of state funding changes; allows for the adequate and consistent funding of services, repairs, and unexpected costs; and is a factor in determining the City's bond rating and resulting interest costs.

A trend that is typical to Minnesota local governments, especially the General Fund of cities, is the unusual cash flow experienced throughout the year. The City's General Fund cash disbursements are made fairly evenly during the year other than the impact of seasonal services, such as snowplowing, street maintenance, and park activities. Cash receipts of the General Fund are quite a different story. Property taxes comprise approximately 68.9 percent of the fund's total annual revenue. Approximately half of these revenues are received by the City in July and the rest in December. Consequently, the City needs to have adequate cash reserves to finance its everyday operations between these payments.

The City has an approved fund balance policy that states the General Fund will maintain a minimum unassigned fund balance of 35.0 to 50.0 percent of the subsequent year's budgeted expenditures. At December 31, 2024, the City's General Fund unassigned fund balance was 50.7 percent of the subsequent year's budgeted expenditures.

The following graph reflects the City's General Fund revenue sources for 2024 compared to budget:

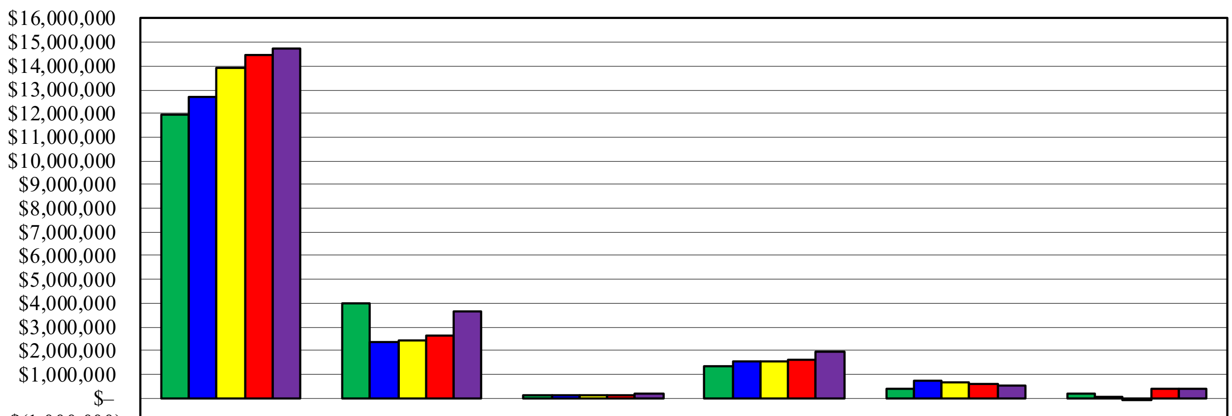
General Fund Revenue
Budget and Actual



General Fund revenue for 2024 was $21,381,335, which was $346,149 (1.6 percent) more than budget. The largest variance was in all other, which includes investment earnings and was $268,521 more than anticipated, due to improved interest rates and fair value changes. Intergovernmental was over budget by $180,553, mainly due to the City's conservative budgeting for state and local grants. These variances were offset by taxes, which were $133,790 under budget.

The following graph presents the City's General Fund revenues by source for the last five years:

General Fund Revenue by Source
Year Ended December 31,

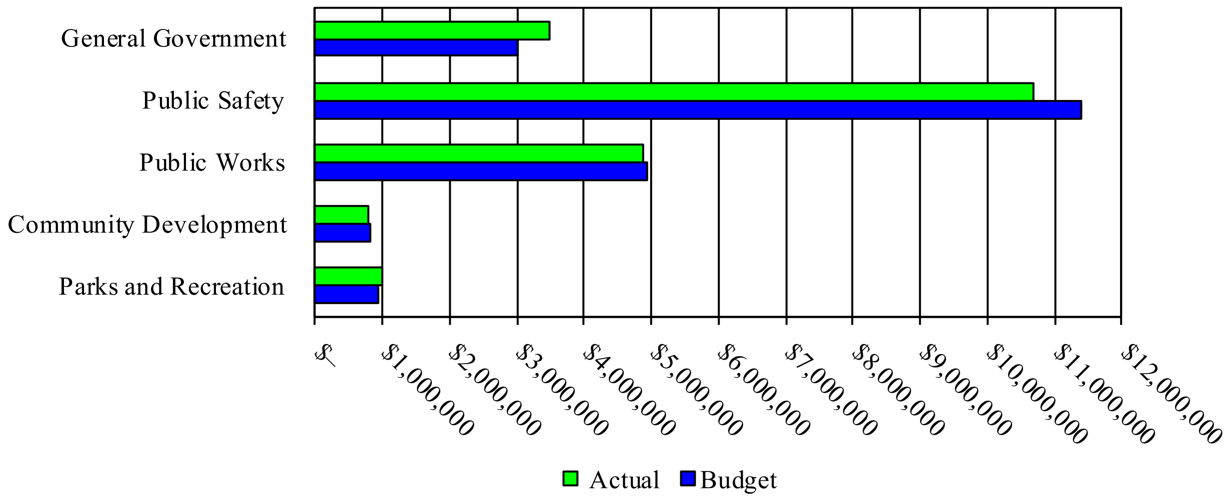


	Taxes	Intergovernmental	Fines and Forfeits	Charges for Services	Licenses and Permits	All Other
2020	$11,918,242	$4,021,287	$110,787	$1,346,152	$395,394	$188,439
2021	$12,704,013	$2,352,751	$141,819	$1,541,432	$706,073	$75,913
2022	$13,899,229	$2,427,847	$121,207	$1,568,016	$684,424	$(22,761)
2023	$14,478,626	$2,643,457	$132,500	$1,618,984	$578,587	$358,098
2024	$14,736,275	$3,619,403	$155,527	$1,974,522	$532,877	$362,731

Total General Fund revenue for 2024 was $1,571,083 (7.9 percent) higher than last year, mainly in intergovernmental and charges for services. Intergovernmental revenues increased $975,946, due to increased local government aid received in the current year. Charges for services increased $355,538, mainly due to increased engineering charges.

The following graph illustrates the components of General Fund spending for 2024 compared to budget, excluding the contingency category:

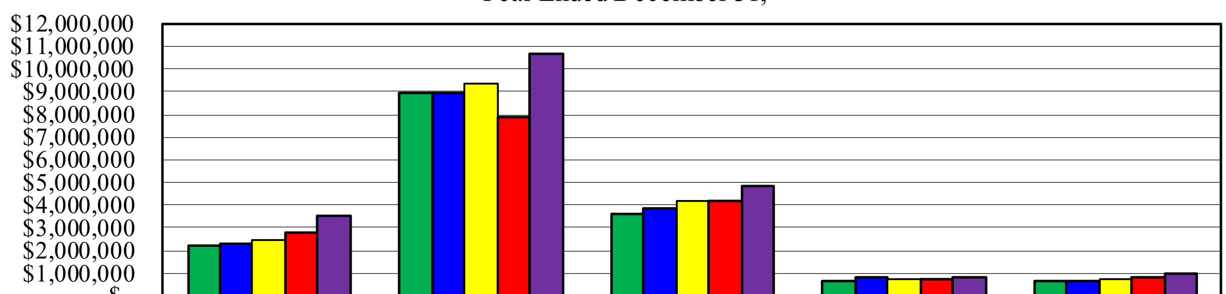
General Fund Expenditures
Budget and Actual



General Fund expenditures for 2024 were $20,873,938, which was $351,248 (1.7 percent) under budget. Public safety expenditures were $711,273 under budget, mainly in police personal services costs due to vacant positions during the year. This variance was offset by general government expenditures, which were $468,950 over budget, due to higher than anticipated costs for the city attorney.

The following graph presents the City's General Fund expenditures by function for the last five years:

General Fund Expenditures by Function
Year Ended December 31,



	General Government	Public Safety	Public Works	Community Development	Parks and Recreation
2020	$2,216,779	$8,948,071	$3,600,054	$688,487	$656,116
2021	$2,278,323	$8,961,065	$3,866,408	$779,394	$627,903
2022	$2,474,197	$9,384,874	$4,175,145	$742,473	$725,272
2023	$2,782,603	$7,870,167	$4,179,395	$724,377	$848,716
2024	$3,491,361	$10,695,279	$4,871,885	$806,363	$1,009,050

Total General Fund expenditures for 2024 were $4,468,680 (27.2 percent) higher than the previous year, mainly due to the increase in the public safety function. Public safety expenditures increased $2,825,112, due to the City recognizing public safety expenditures in the General Fund in the current year, but were funded by the coronavirus state and local fiscal recovery funds in the ARPA Special Revenue Fund in the prior year. General government expenditures increased $708,758, mainly in higher costs for the city attorney. Public works expenditures increased $692,490, mainly in the public works and parks facilities and maintenance departments.

ENTERPRISE FUNDS OVERVIEW

The City maintains several enterprise funds to account for services the City provides that are financed primarily through fees charged to those utilizing the service. This section of the report provides you with an overview of the financial trends and activities of the City's enterprise funds, which include the Water and Sewer Utility, Storm Water Utility, Street Light Utility, and Low Rent Housing Funds.

ENTERPRISE FUNDS FINANCIAL POSITION

The following table summarizes the changes in the financial position of the City's enterprise funds during the year ended December 31, 2024, presented both by classification and by fund:

Enterprise Funds Change in Financial Position

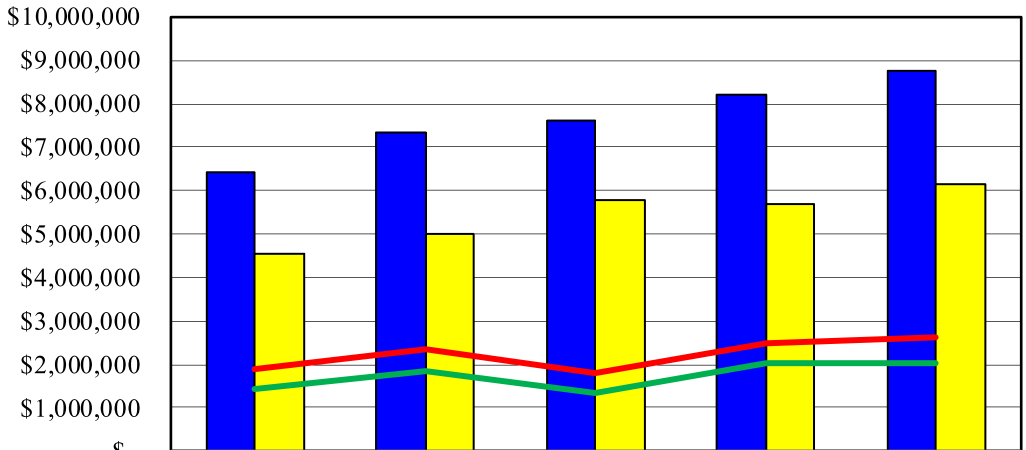
	Net Position as of December 31, 2023	Net Position as of December 31, 2024	Change
Net position of enterprise funds			
Total by classification			
Net investment in capital assets	$ 34,261,751	$ 35,064,701	$ 802,950
Unrestricted	15,336,900	18,429,196	3,092,296
Total enterprise funds	$ 49,598,651	$ 53,493,897	$ 3,895,246
Total by fund			
Water and Sewer Utility	$ 30,523,499	$ 32,497,150	$ 1,973,651
Storm Water Utility	11,754,791	11,539,134	(215,657)
Street Light Utility	568,297	672,433	104,136
Low Rent Housing	6,752,064	8,785,180	2,033,116
Total enterprise funds	$ 49,598,651	$ 53,493,897	$ 3,895,246

In total, the net position of the City's enterprise funds increased $3,895,246 during the year ended December 31, 2024, including a $170,200 increase to beginning net position for the change in accounting principle discussed previously, and an increase of $3,725,046 from current year operations. Unrestricted net position increased $3,092,296, due to positive operating results in the current year.

WATER AND SEWER UTILITY FUND

The following graph presents five years of comparative operating results for the City's Water and Sewer Utility Fund:

Water and Sewer Utility Fund
Year Ended December 31,



	2020	2021	2022	2023	2024
Oper Rev	$6,423,944	$7,333,807	$7,610,690	$8,190,986	$8,772,520
Oper Exp Before Depr	$4,551,400	$4,995,904	$5,798,186	$5,693,828	$6,155,716
Oper Inc (Loss)	$1,420,354	$1,840,078	$1,324,923	$2,013,936	$2,006,988
Inc Before Depr	$1,872,544	$2,337,903	$1,812,504	$2,497,158	$2,616,804

The Water and Sewer Utility Fund ended 2024 with a total net position of $32,497,150, an increase of $1,973,651 from the prior year. Of this, $18,379,502 represents the net investment in utility distribution system capital assets, leaving $14,117,648 of unrestricted net position.

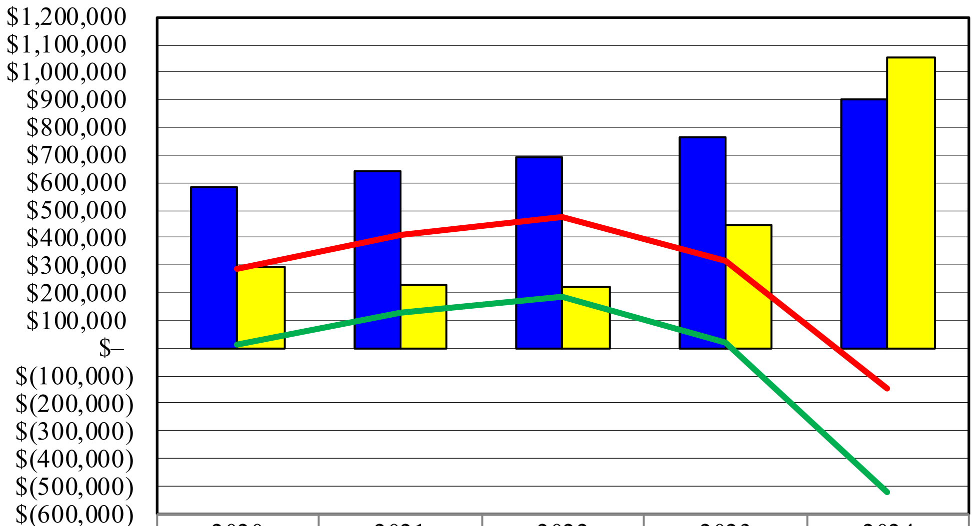
Operating revenue in the Water and Sewer Utility Fund was $8,772,520, an increase of $581,534 (7.1 percent) from the prior year, due to an approved rate increase in the current year.

Water and Sewer Utility Fund operating expenses before depreciation for 2024 were $6,155,716, an increase of $461,888 (8.1 percent) from the previous year. The largest factor contributing to the change was due to an increase in contractual services in the current year.

STORM WATER UTILITY FUND

The following graph presents five years of comparative operating results for the City's Storm Water Utility Fund:

Storm Water Utility Fund
Year Ended December 31,



	2020	2021	2022	2023	2024
Oper Rev	$581,229	$640,596	$692,515	$762,820	$901,224
Oper Exp Before Depr	$290,689	$228,105	$220,274	$447,730	$1,050,979
Oper Inc (Loss)	$10,366	$126,436	$186,977	$20,158	$(519,656)
Inc (Loss) Before Depr	$290,540	$412,491	$472,241	$315,090	$(149,755)

The Storm Water Utility Fund ended 2024 with a total net position of $11,539,134, a decrease of $215,657 from the prior year. Of this, $10,949,664 represents the City's net investment in its storm water collection system capital assets, leaving an unrestricted net position of $589,470.

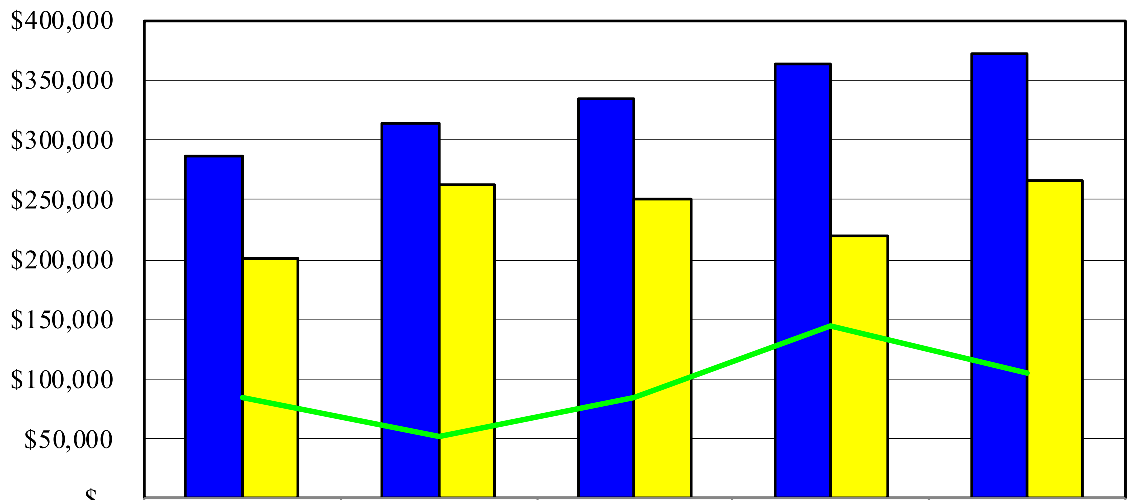
Operating revenue in the Storm Water Utility Fund was $901,224, an increase of $138,404 (18.1 percent) from the prior year, due to a rate increase. Storm Water Utility Fund operating expenses before depreciation for 2024 were $1,050,979, an increase of $603,249 (134.7 percent), mainly in materials and supplies due to increased repairs and maintenance projects.

During the current year, this utility operation recognized capital contributions of $245,310.

STREET LIGHT UTILITY FUND

The following graph presents five years of comparative operating results for the City's Street Light Utility Fund:

Street Light Utility Fund
Year Ended December 31,



	2020	2021	2022	2023	2024
Oper Rev	$286,360	$314,315	$335,173	$363,198	$372,002
Oper Exp	$201,851	$263,057	$250,889	$219,125	$266,708
Oper Inc	$84,509	$51,258	$84,284	$144,073	$105,294

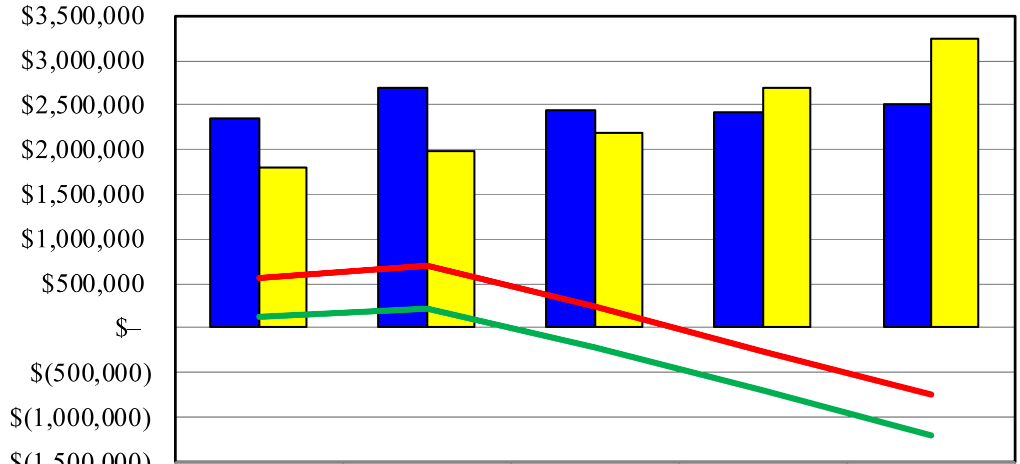
The Street Light Utility Fund ended 2024 with a total net position of $672,433, an increase of $104,136 from the prior year. This entire balance represents unrestricted net position.

Street Light Utility Fund operating revenue for fiscal 2024 was $372,002, an increase of $8,804 (2.4 percent) from the prior year. Operating expenses for 2024 were $266,708, an increase of $47,583 (21.7 percent), mainly due to increased materials and supplies.

Low Rent Housing Fund

The following graph presents five years of comparative operating results for the City's Low Rent Housing Fund:

Low Rent Housing Fund
Year Ended December 31,



	2020	2021	2022	2023	2024
Oper Rev	$2,359,111	$2,686,295	$2,438,441	$2,418,125	$2,498,913
Oper Exp Before Depr	$1,790,633	$1,980,572	$2,194,044	$2,685,008	$3,240,813
Oper Inc (Loss)	$122,540	$217,805	$(216,349)	$(705,929)	$(1,218,477)
Inc (Loss) Before Depr	$568,478	$705,723	$244,397	$(266,883)	$(741,900)

The Low Rent Housing Fund ended 2024 with a total net position of $8,785,180, an increase of $1,862,916 from the prior year, excluding the change in accounting principle. Of this, $5,735,535 represents the investment in low rent housing capital assets, leaving $3,049,645 of unrestricted net position.

Operating revenue (including intergovernmental revenue) in the Low Rent Housing Fund was $2,498,913, an increase of $80,788 (3.3 percent) from the prior year, mainly due to an increase in operating grants and intergovernmental revenue received in the current year.

Low Rent Housing Fund operating expenses before depreciation for 2024 were $3,240,813, an increase of $555,805 (20.7 percent) from the previous year, mainly in increased contractual service costs for the John Carroll remodel.

During the current year, this utility operation recognized capital contributions of $2,963,130.

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

In addition to fund-based information, the current reporting model for governmental entities also requires the inclusion of two government-wide financial statements designed to present a clear picture of the City as a single, unified entity. These government-wide financial statements provide information on the total cost of delivering services, including capital assets and long-term liabilities.

STATEMENT OF NET POSITION

The Statement of Net Position essentially tells you what the City owns and owes at a given point in time, the last day of the fiscal year. Theoretically, net position represents the resources the City has leftover to use for providing services after its debts are settled. However, those resources are not always in spendable form, or there may be restrictions on how some of those resources can be used. Therefore, net position is divided into three components: net investment in capital assets, restricted, and unrestricted.

The following table presents the components of the City's net position as of December 31, 2023, and 2024, for governmental activities and business-type activities:

	As of December 31,		
	2023	2024	Change
Net position			
Governmental activities			
Net investment in capital assets	$ 72,179,718	$ 82,267,766	$ 10,088,048
Restricted	20,343,566	18,491,139	(1,852,427)
Unrestricted	6,701,776	7,362,578	660,802
Total governmental activities	99,225,060	108,121,483	8,896,423
Business-type activities			
Net investment in capital assets	34,261,751	35,064,701	802,950
Unrestricted	14,968,654	18,150,678	3,182,024
Total business-type activities	49,230,405	53,215,379	3,984,974
Total net position	$ 148,455,465	$ 161,336,862	$ 12,881,397

Net position for governmental activities increased by $8,896,423 in 2024, as presented above. The net investment in capital assets increased $10,088,048 this year, mainly due to the significant amount of construction activity in the current year. The remaining change in this category of net position typically depends on the relationship of the rate at which the City is adding capital assets, the rate capital assets are being depreciated, and how the City finances the purchase and construction of capital assets. The restricted portion of net position decreased $1,852,427, mainly due to the decrease in restricted balances for tax increment financing.

The change in net position for business-type activities is consistent with our earlier discussion for enterprise fund operations, which are presented under the same full accrual basis of accounting. This change in net position includes a $170,200 increase to beginning net position for the change in accounting principle discussed previously.

STATEMENT OF ACTIVITIES

The Statement of Activities tracks the City's yearly revenues and expenses, as well as any other transactions that increase or reduce total net position. These amounts represent the full cost of providing services. The Statement of Activities provides a more comprehensive measure than just the amount of cash that changed hands, as reflected in the fund-based financial statements. This statement includes the cost of supplies used, depreciation of long-lived capital assets, and other accrual-based expenses.

The following table presents the change in the net position of the City for the years ended December 31, 2023, and 2024:

	Net Revenue (Expense)	
	2023	2024
Net (expense) revenue		
Governmental activities		
General government	$ (1,804,540)	$ (2,127,716)
Public safety	(9,024,774)	(9,743,384)
Public works	(9,855,225)	(2,828,878)
Community development	(969,934)	(1,470,274)
Parks, arena	164,105	(1,376,733)
Economic development	(164,244)	(3,184,020)
Transportation	1,034,715	2,914,302
Interest on long-term debt	(707,790)	(864,592)
Business-type activities		
Water and sewer utility	2,231,789	2,032,538
Storm water utility	39,587	(163,542)
Street light utility	148,103	105,294
Low rent housing	(228,411)	1,757,950
Total net (expense) revenue	(19,136,619)	(14,949,055)
General revenues		
General property taxes	16,838,976	17,368,768
Tax increments	2,468,456	3,390,691
Franchise tax	1,546,224	1,346,855
Unrestricted grants and contributions	5,038,648	3,740,833
Investment income	1,316,963	1,682,799
Gain on sale of capital assets	66,804	130,306
Total general revenues	27,276,071	27,660,252
Change in net position	$ 8,139,452	$ 12,711,197

One of the goals of this statement is to provide a side-by-side comparison to illustrate the difference in the way the City's governmental and business-type operations are financed. The table clearly illustrates the dependence of the City's governmental operations on general revenues, such as property taxes and unrestricted grants. It also shows if the City's business-type activities are generating sufficient program revenues (service charges and program-specific grants) to cover expenses. This is critical given the current downward pressures on the general revenue sources. The change in public works is due to increased capital grants and contributions received for street improvement projects. The change in economic development is due to increased tax increment financing activity in the current year. Unrestricted grants and contributions decreased with the recognition of coronavirus state and local fiscal recovery funds in the prior year.

ACCOUNTING AND AUDITING UPDATES

The following is a summary of Governmental Accounting Standards Board (GASB) standards expected to be implemented in the next few years.

GASB STATEMENT NO. 102, *CERTAIN RISK DISCLOSURES*

The objective of this statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints.

This statement defines a *concentration* as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A *constraint* is a limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making authority. Concentrations and constraints may limit a government's ability to acquire resources or control spending.

A government will be required to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, a government must assess whether an event or events associated with a concentration or constraint that could cause the substantial impact to have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued.

If a government determines that those criteria for disclosure have been met for a concentration or constraint, it should disclose information (as outlined in the standard) in the notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of the circumstances disclosed and the government's vulnerability to the risk of a substantial impact. The disclosures should also include any actions taken by the government to mitigate the risk.

The requirements of this statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. Earlier application is encouraged.

GASB STATEMENT NO. 103, *FINANCIAL REPORTING MODEL IMPROVEMENTS*

The objective of this statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This statement also addresses certain application issues.

This statement continues the requirement that the basic financial statements be preceded by management's discussion and analysis (MD&A), which is presented as required supplementary information (RSI). This statement requires that the information presented in MD&A be limited to the related topics discussed in five sections: (1) Overview of the Financial Statements, (2) Financial Summary, (3) Detailed Analyses, (4) Significant Capital Asset and Long-Term Financing Activity, and (5) Currently Known Facts, Decisions, or Conditions. Furthermore, this statement stresses that the detailed analyses should explain why balances and results of operations changed rather than simply presenting the amounts or percentages by which they changed. In addition, this statement continues the requirement that information included in MD&A distinguish between that of the primary government and its discretely presented component units.

This statement defines unusual or infrequent items as transactions and other events that are either unusual in nature or infrequent in occurrence and requires governments to display the inflows and outflows related to each unusual or infrequent item separately.

This statement requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses. In addition to the subtotals currently required in a proprietary fund statement of revenues, expenses, and changes in fund net position, this statement requires that a subtotal for operating income (loss) and noncapital subsidies be presented before reporting other nonoperating revenues and expenses.

This statement requires governments to present each major component unit separately in the reporting entity's statement of net position and statement of activities if it does not reduce the readability of the statements. If the readability of those statements would be reduced, combining statements of major component units should be presented after the fund financial statements.

This statement requires governments to present budgetary comparison information using a single method of communication—RSI. Governments also are required to present (1) variances between original and final budget amounts and (2) variances between final budget and actual amounts. An explanation of significant variances is required to be presented in notes to RSI.

The requirements of this statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged.

GASB STATEMENT NO. 104, *DISCLOSURE OF CERTAIN CAPITAL ASSETS*

The objective of this statement is to provide users of government financial statements with essential information about certain types of capital assets.

This statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by GASB Statement No. 34. Lease assets recognized in accordance with Statement No. 87, *Leases,* and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this statement requires intangible assets other than those three types to be disclosed separately by major class.

This statement also requires additional disclosures for capital assets held for sale. A capital asset is considered held for sale if (a) the government has decided to pursue the sale of the capital asset and (b) it is probable that the sale will be finalized within one year of the financial statement date. Governments should consider relevant factors to evaluate the likelihood of the capital asset being sold within the established time frame. Capital assets held for sale are required to be evaluated each reporting period. Governments should disclose (1) the ending balance of capital assets held for sale, with separate disclosure for historical cost and accumulated depreciation by major class of asset, and (2) the carrying amount of debt for which the capital assets held for sale are pledged as collateral for each major class of asset.

The requirements of this statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged.

CITY OF SOUTH ST. PAUL
DAKOTA COUNTY, MINNESOTA

Special Purpose Audit Reports

Year Ended
December 31, 2024

Certified Public Accountants Business Consultants

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CITY OF SOUTH ST. PAUL
DAKOTA COUNTY, MINNESOTA

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CITY OF SOUTH ST. PAUL

Schedule of Expenditures of Federal Awards
Year Ended December 31, 2024

Federal Grantor/Pass-Through Grantor/Program Title	Federal ALN		Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Housing and Urban Development				
Direct program				
Public Housing Operating Fund	14.850		$ 1,157,693	
Direct program				
Public Housing Capital Fund	14.872		2,984,703	
U.S. Department of Justice				
Direct program				
Bulletproof Vest Partnership Program	16.607		7,916	
Direct program				
Public Safety Partnership and Community Policing Grants	16.710		85,000	
U.S. Department of Transportation				
Passed through the Minnesota Department of Transportation				
Airport Improvement Program	20.106		1,694,869	
Passed through the Minnesota Department of Public Safety				
Highway Safety Cluster				
State and Community Highway Safety	20.600	$ 69,883		$ 68,570
National Priority Safety Programs	20.616	6,881		6,881
Total for Highway Safety Cluster			76,764	
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608		85,103	83,047
U.S. Environmental Protection Agency				
Passed through the Minnesota Public Facilities Authority				
Drinking Water State Revolving Fund	66.468		6,057,984	
Total federal awards			$ 12,150,032	

Note 1: The Schedule of Expenditures of Federal Awards is prepared on the accrual basis of accounting. The information in this schedule is presented in accordance with the OMB's *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.* Therefore, some amounts presented in this schedule may differ from the amounts presented in, or used in the preparation of, the City's basic financial statements.

Note 2: Unless noted in the table above, the pass-through entities use the same federal assistance listing numbers (ALN) as the federal grantors to identify these grants, and have not assigned any additional identifying numbers.

Note 3: The City did not elect to use the 10 percent de minimis indirect cost rate.

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL

OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS

BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN

ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the City Council and Management
City of South St. Paul, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of South St. Paul, Minnesota (the City) as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 25, 2025.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

(continued)

REPORT ON COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,

LB Carlson, LLP

LB CARLSON, LLP
Minneapolis, Minnesota

June 25, 2025

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR

EACH MAJOR PROGRAM; REPORT ON INTERNAL CONTROL

OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES

OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

To the City Council and Management
City of South St. Paul, Minnesota

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

OPINION ON EACH MAJOR FEDERAL PROGRAM

We have audited the City of South St. Paul, Minnesota's (the City) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2024. The City's major federal programs are identified in the Summary of Audit Results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major programs for the year ended December 31, 2024.

BASIS FOR OPINION ON EACH MAJOR FEDERAL PROGRAM

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance requirements referred to above.

(continued)

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Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to on the previous page and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to on the previous page, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance, but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to on the previous page is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to on the previous page and performing such other procedures as we consider necessary in the circumstances.

- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

(continued)

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section on the previous page and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated June 25, 2025, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Respectfully submitted,

LB Carlson, LLP

LB CARLSON, LLP
Minneapolis, Minnesota

June 25, 2025

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LB | CARLSON

INDEPENDENT AUDITOR'S REPORT

ON MINNESOTA LEGAL COMPLIANCE

To the City Council and Management
City of South St. Paul, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of South St. Paul, Minnesota (the City) as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 25, 2025.

MINNESOTA LEGAL COMPLIANCE

In connection with our audit, nothing came to our attention that caused us to believe that the City failed to comply with the provisions of the contracting – bid laws, depositories of public funds and public investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and tax increment financing sections of the *Minnesota Legal Compliance Audit Guide for Cities*, promulgated by the State Auditor pursuant to Minnesota Statutes § 6.65, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the City's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

PURPOSE OF THIS REPORT

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,

LB Carlson, LLP

LB CARLSON, LLP
Minneapolis, Minnesota

June 25, 2025

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763.535.8150 I www.lbcarlson.com

CITY OF SOUTH ST. PAUL

Schedule of Findings and Questioned Costs
Year Ended December 31, 2024

A. SUMMARY OF AUDIT RESULTS

This summary is formatted to provide federal granting agencies and pass-through agencies answers to specific questions regarding the audit of federal awards.

Financial Statements

What type of auditor's report is issued?	X Unmodified __ Qualified __ Adverse __ Disclaimer	
Internal control over financial reporting:		
Material weakness(es) identified?	__ Yes	X No
Significant deficiency(ies) identified?	__ Yes	X None reported
Noncompliance material to the financial statements noted?	__ Yes	X No

Federal Awards

Internal controls over major federal award programs:		
Material weakness(es) identified?	__ Yes	X No
Significant deficiency(ies) identified?	__ Yes	X None reported
Type of auditor's report issued on compliance for major programs?		
U.S. Department of Housing and Urban Development Public Housing Capital Fund		Unmodified
U.S. Environmental Protection Agency Drinking Water State Revolving Fund		Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	__ Yes	X No

Programs tested as major programs:

Program or Cluster	Federal ALN
U.S. Department of Housing and Urban Development Public Housing Capital Fund	14.872
U.S. Environmental Protection Agency Drinking Water State Revolving Fund	66.468

Threshold for distinguishing type A and B programs:	$ 750,000	
Does the auditee qualify as a low-risk auditee?	__ Yes	X No

B. FINANCIAL STATEMENT FINDINGS

None.

C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.

D. MINNESOTA LEGAL COMPLIANCE FINDINGS

None.

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WORK SESSION AGENDA REPORT

DATE: July 14, 2025
DEPARTMENT: Finance
PREPARED BY: Clara Hilger
AGENDA ITEM NUMBER: 2.B.

MEETING TYPE
Regular Meeting

AGENDA ITEM
2025 First Quarter Financial Report and Budget Adjustments

ACTION TO BE CONSIDERED OR DESIRED OUTCOME
Discussion on the 2025 First Quarter Financial Report and Proposed Budget Adjustments

OVERVIEW
2025 First Quarter Financial Report
The first quarter of 2025 is complete and financial results are available. The Finance Director prepared the attached first quarter financial report for Council review. The following items are important to note when reviewing the report:

- The Benchmark is roughly 25% and is based on a fluid calendar year of operations.
- Many of the variances result from seasonality and not all financial transactions occur evenly throughout the year. Some are one time or periodic activities that do not occur in each quarter.
- Investment income is recorded and allocated to the funds on a semi-annual basis.
- Large revenue sources (i.e., tax settlements and LGA) are received in July and December, which underscores the importance of a strong fund balance as a tool to avoid General Fund borrowing for operations.

Finance has not noted any worrisome variances in the operating funds for the first quarter.

The attached financial report includes the following recommended budget revisions:

- The City Attorney department was increased to reflect the updated contract approved by the Council on April 7, 2025.
- The Streets Alleys and Blvds department was increased and the Parks Facilities and Maintenance department was decreased to recognize the reallocation of vehicle replacement charges.
- The Water Utility and Sanitary Sewer Utility departments were increased to update the vehicle replacement charge for new vehicles.

Status of Financial Audit Findings

The 2024 Annual Comprehensive Financial Report was completed and presented to the City Council on July 14, 2025. Updates on the comments from this presentation will be included with the second and third quarter reports.

The 2025 first quarter financial report and budget amendments will be presented for formal action at the July 21, 2025 City Council meeting.

SOURCE OF FUNDS

N/A

ATTACHMENTS

1. Quarter 1 Budget to Actual

Description	2025 Original Budget	2025 Amended Budget	Actual thru March 2025	Benchmark 25% Percent of Budget	
GENERAL OPERATING FUND					
GENERAL FUND - REVENUES					
Taxes	13,576,420.00	13,576,420.00	0.00	0.00%	A
Fees	2,175,595.00	2,175,595.00	148,900.11	6.84%	B
Intergovernmental	3,595,382.00	3,595,382.00	481,930.02	13.40%	C
Charges for Services	2,211,003.00	2,211,003.00	506,489.50	22.91%	
Other Revenues	114,821.00	114,821.00	4,978.34	4.34%	D
Transfers In/Fund Balance	190,000.00	190,000.00	47,445.00	24.97%	
Total Revenues	**21,863,221.00**	**21,863,221.00**	**1,189,742.97**	**5.44%**	
GENERAL FUND - EXPENDITURES					
General Government					
Mayor & Council	185,884.00	185,884.00	71,265.22	38.34%	E
Administration	595,113.00	595,113.00	151,219.32	25.41%	
Human Resources	344,991.00	344,991.00	72,752.28	21.09%	
City Attorney	98,000.00	120,000.00	21,771.00	18.14%	F
City Attorney - Criminal	201,000.00	201,000.00	40,509.72	20.15%	F
City Clerk	240,859.00	240,859.00	55,218.61	22.93%	
Information Technology	868,269.00	868,269.00	265,235.89	30.55%	
Recycling	23,713.00	23,713.00	12.75	0.05%	G
Finance	540,049.00	540,049.00	150,225.77	27.82%	
Total General Government	**3,097,878.00**	**3,119,878.00**	**828,210.56**	**26.55%**	
Public Safety					
Police	8,810,167.00	8,810,167.00	1,946,360.59	22.09%	
Fire	2,795,797.00	2,795,797.00	1,389,422.00	49.70%	H
Total Public Safety	**11,605,964.00**	**11,605,964.00**	**3,335,782.59**	**28.74%**	
Public Works					
Engineering	775,304.00	775,304.00	188,542.76	24.32%	
Streets, Alleys and Blvds	2,462,186.00	2,551,274.00	512,924.08	20.10%	
Buildings	407,167.00	407,167.00	104,253.45	25.60%	
Parks Facilities and Maintenance	1,538,366.00	1,449,278.00	300,804.53	20.76%	
Total Public Works	**5,183,023.00**	**5,183,023.00**	**1,106,524.82**	**21.35%**	
Community Development					
Development Services	650,683.00	650,683.00	151,180.96	23.23%	
Code Enforcement	192,336.00	192,336.00	39,373.46	20.47%	
Total Community Development	**843,019.00**	**843,019.00**	**190,554.42**	**22.60%**	
Leisure Services					
Parks Administration	330,460.00	330,460.00	76,279.93	23.08%	
Splash Pool	99,149.00	99,149.00	6,370.14	6.42%	I
Northview Pool	116,547.00	116,547.00	4,970.05	4.26%	I
Recreation Programs	285,241.00	285,241.00	61,836.28	21.68%	
Community Affairs	140,940.00	140,940.00	31,913.02	22.64%	
Total Leisure Services	**972,337.00**	**972,337.00**	**181,369.42**	**18.65%**	
Nondepartmental					
Contingencies	161,000.00	139,000.00	0.00	0.00%	
Total Nondepartmental	**161,000.00**	**139,000.00**	**0.00**	**0.00%**	
Total Expenditures	**21,863,221.00**	**21,863,221.00**	**5,642,441.81**	**25.81%**	
Revenues Over (Under) Expenditures	**0.00**	**0.00**	**(4,452,698.84)**		

Description	2025 Original Budget	2025 Amended Budget	Actual thru March 2025	Benchmark 25% Percent of Budget	
OTHER OPERATING FUNDS					
DOUG WOOG ARENA					
Revenues	1,289,500.00	1,289,500.00	316,632.29	24.55%	A
Expenditures	1,436,100.00	1,436,100.00	334,888.97	23.32%	
Revenues Over (Under) Expenditures	**(146,600.00)**	**(146,600.00)**	**(18,256.68)**		
AIRPORT OPERATING FUND					
Revenues	1,443,681.00	1,443,681.00	402,927.91	27.91%	K
Expenditures	1,850,067.00	1,850,067.00	262,122.84	14.17%	
Revenues Over (Under) Expenditures	**(406,386.00)**	**(406,386.00)**	**140,805.07**		
STORM WATER UTILITY FUND					
Operating Revenues and Grants	986,783.00	986,783.00	63,354.24	6.42%	J,L
Expenses - Operating	306,372.00	306,372.00	42,872.65	13.99%	
Transfers	66,100.00	66,100.00	30,678.00	46.41%	O
Net Income (Loss)	**614,311.00**	**614,311.00**	**(10,196.41)**		
STREET LIGHT UTILITY FUND					
Revenues	345,060.00	345,060.00	22,608.18	6.55%	J
Expenses	338,922.00	338,922.00	60,243.27	17.77%	
Net Income (Loss)	**6,138.00**	**6,138.00**	**(37,635.09)**		
WATER AND SEWER UTILITY FUND					
Revenues					
Administration	745,946.00	745,946.00	0.00	0.00%	D
Water Utility	12,616,225.00	12,616,225.00	355,965.41	2.82%	J,M
Sewer Utility	5,695,000.00	5,695,000.00	452,526.19	7.95%	J
Total Revenues	**19,057,171.00**	**19,057,171.00**	**808,491.60**	**4.24%**	
Operating Expenses					
Adminsitration	745,946.00	745,946.00	157,680.84	21.14%	
Water Utility	1,680,778.00	1,688,062.00	387,045.78	22.93%	
Sewer Utility	4,415,999.00	4,424,543.00	1,351,743.55	30.55%	N
Total Operating Expenses	**6,842,723.00**	**6,858,551.00**	**1,896,470.17**	**27.65%**	
Transfers					
Water Utility	432,673.00	432,673.00	59,189.00	13.68%	O
Sewer Utility	498,773.00	498,773.00	112,639.00	22.58%	O
Total Transfers	**931,446.00**	**931,446.00**	**171,828.00**	**18.45%**	
Net Income (Loss)	**11,283,002.00**	**11,267,174.00**	**(1,259,806.57)**		
CENTRAL GARAGE - INTERNAL SERVICE FUND					
Revenues	2,132,128.00	2,132,128.00	584,371.14	27.41%	
Expenditures	1,902,344.00	1,902,344.00	689,970.73	36.27%	
Net Income (Loss)	**229,784.00**	**229,784.00**	**(105,599.59)**		

Description	2025 Original Budget	2025 Amended Budget	Actual thru March 2025	Benchmark 25% Percent of Budget	
OTHER OPERATING FUNDS					
ECONOMIC DEVELOPMENT AUTHORITY					
Revenues	433,778.00	433,778.00	0.00	0.00%	A
Expenditures	433,778.00	433,778.00	48,498.82	11.18%	
Revenues Over (Under) Expenditures	**0.00**	**0.00**	**(48,498.82)**		
EDA - HOUSING (HRA LEVY)					
Revenues	1,226,964.00	1,226,964.00	197,069.80	16.06%	A
Expenditures	1,226,964.00	1,226,964.00	227,492.80	18.54%	
Revenues Over (Under) Expenditures	**0.00**	**0.00**	**(30,423.00)**		
HRA - PUBLIC HOUSING					
Revenues	4,579,000.00	4,579,000.00	133,535.33	2.92%	P
Operating Expenses	2,119,350.00	2,119,350.00	490,187.66	23.13%	
Capital Expenses	2,252,500.00	2,252,500.00	(426,327.10)	-18.93%	Q
Net Income (Loss)	**207,150.00**	**207,150.00**	**69,674.77**		

Items in blue include recommended budget adjustments.

Tickmark Explanations for Budget VS Actual Variances

A Taxes will be received in June/July and December/January
B 1st quarter Franchise fees payment is received in April
C LGA received in July and December
D Interest earnings are posted semi-annually and other minor revenues are unpredictable
E Annual dues paid in first quarter
F Legal service invoices for two months
G Compost site costs occur May through October; clean up day in September paid in October
H Invoice for second quarter paid in March
I Pools are only open June through August
J Utility revenues are based on service delivery, bills issued in Jan, Feb, Mar of 2025 are accrued back to the 2024 books as they are for services delivered in 2024. This is an annual occurrence.
K Land leases are invoiced in February each year
L Budgeted revenues include State and local grants for Seidl's Lake project
M Budgeted revenues include State funds for lead service line replacements
N Sanitary Sewer has 4 months of MCES charges
O Transfers for bond principal and interest made in February and August. Remaining transfer to Utility Admin will be done in December (Water and Sewer Utility funds)
P Activity from the tenant software has not been updated for 2025
Q Final payment for plumbing project was paid in April 2025.

WORK SESSION AGENDA REPORT

DATE:	July 14, 2025
DEPARTMENT:	Parks & Recreation
PREPARED BY:	Michael Healy, Shannon Young, Ryan Garcia
AGENDA ITEM NUMBER:	2.C.

MEETING TYPE
Regular Meeting

AGENDA ITEM
Pool Feasibility Study Update

ACTION TO BE CONSIDERED OR DESIRED OUTCOME

1. The City Council is asked to review the draft Northview Aquatics Center site plan and building plan and provide feedback on the proposed $7-$8 million project. The City Council should also provide feedback on whether watersides should be added to the project for an approximate cost of $600,000.

2. It is very unlikely that external sources (i.e. private donations, grants or other contributions from the State) will completely cover the cost of the aquatics center project. The City Council is asked to provide City Staff with direction about how they want to handle the part of the project that will require the City to borrow money to construct the aquatics center. There are two alternatives that we present for consideration:

> ***Option 1:*** The City Council puts a bond referendum on the ballot. A new aquatics center is only built at Northview Park if the bond referendum passes with more than 50% of voters voting "yes" during an upcoming election.
> ***Option 2:*** The City Council proceeds with the planning and issuance of general obligation Tax Abatement Bonds. Following a clearly defined statutory process, including holding a public hearing and adoption of a resolution, a new aquatics center is built at Northview Park if at least 4 of the 7 City Councilmembers vote "yes" to approve the resolution (and thereby, the issuance of GO Debt).

OVERVIEW

Background

After a yearlong community engagement process, South St. Paul adopted a new Parks Master Plan in 2024. The Parks Master Plan is a framework for making improvements to each park as funding is available and addressing challenges that are facing the parks system. One of the big challenges facing South St. Paul today is the status of its aquatics program, which needs significant reinvestment in order to continue for another generation of park users. Northview Pool, which was built in 1956, has outlived most of the other outdoor municipal swimming pools that were constructed throughout Minnesota during the 1930's through the 1960's, but it is now at the end of its useful life. The almost 70-year-old mechanical equipment could fail at any time and the pool would then become completely inoperable. During public engagement for the Parks Master Plan, residents made it very clear that they want the City to continue to offer an aquatics program. Many residents stated that they want the City to "save" Northview Pool, but there was no consensus about what should happen if the existing pool facility cannot be saved because the pool shell, plumbing, and mechanical equipment have all reached the end of their useful lives.

In July of 2024, the City released a request for proposal (RFP) seeking a qualified consultant to help City Staff conduct a Pool Feasibility and Design Study and develop a community consensus regarding the future of the aquatics program. The City received proposals from five qualified firms and selected JLG Architects after interviewing top candidates. The purpose of the study is to help the community decide what type of aquatics facility it wants to have, understand the costs of building that facility, and identify funding sources to pay for the construction and ongoing operation of that facility. JLG Architects has advised that both Northview Pool and Lorraine Park Splash Pool are at or near the end of their useful lives and the most cost-effective way for the City to handle aquatics is to demolish both existing facilities and build one new consolidated aquatics center that will feature a full-sized swimming pool and a spray feature for young children so that entire families can enjoy the pool together. Currently, families with young children generally go to Lorraine Splash Pool and families with older children generally go to Northview Pool. Neither existing pool has the ability to comprehensively entertain a family with children of all ages and this has a very real and very negative impact on total attendance numbers.

Public Engagement Results

The project team hosted an open house at Kaposia Library on March 19th and shared four possible options for a new, comprehensive aquatics facility. Each of the four options would involve the construction of a new aquatics center to serve the community and would place that facility at either Northview Park, Lorraine Park, or Jefferson Park. At the March 19 meeting, the options were framed to solicit community feedback as to whether those participating would theoretically vote in favor of a ballot measure (referendum) that funded the construction of any particular option through a property tax increase. Each "mock referendum" option also proposed to include some immediate repairs and improvements to the park that would have been losing an existing pool. All of the proposed park improvements that were presented on March 19 were informed directly by the Parks Master Plan.

Community members who attended the open house had an opportunity to meet with the project team to ask questions and view a series of informational boards that showcased what each option could accomplish. There was also a tax impact board that compared the property tax impact that the owner of a median value home might expect to see if a referendum was ultimately undertaken and successful (for each of the alternatives). At the end of the event, each attendee was invited to take a survey and share what type of vote they would cast if each of the four referendum options were to be placed on the ballot during an upcoming election. Following the in-person open house, the City launched an online version of the open house and survey which was up on the website for several weeks and promoted on social media.

In total, 537 community members participated in public engagement and filled out a survey with the following results:

- The public generally does not support building a new aquatics center at Lorraine Park. A large majority of respondents indicated that they would vote "no" on this option if it were taken to a referendum.

- The public generally does not support building an indoor aquatics center. A large majority of respondents indicated that they would vote "no" on this option if it were taken to a referendum.

- Based on the survey results, an outdoor aquatics center at Northview Park has the best chances of passing a referendum. 300 respondents indicated they would vote "yes," 170 respondents indicated they would vote "no," and 58 respondents did not give an answer. This means that almost 57% of respondents would vote "yes."

- Based on the survey results, an outdoor aquatics center at Jefferson Park might pass a referendum. 251 respondents indicated they would vote "yes," 233 respondents indicated they would vote "no," and 52 respondents did not give an answer. This means that only about 47% of respondents would vote "yes" today and it would require additional outreach and education to convince voters to support this option.

City Council Direction Given at May 12th Worksession

The City Council reviewed the public engagement results at their May 12, 2025 Worksession. They also heard from Rich Dippel, the Chair of the Parks and Recreation Advisory Commission, who stated that the Commission does not want to see a skate park or pickleball courts at Lorraine Park included in a parks referendum even though those improvements are called for in the Parks Master Plan. Dippel believes that those specific improvements will be divisive for the community and may result in many residents voting against a referendum even though they would otherwise like to see the City build a new aquatics center. Dippel asked for the City Council's blessing to work with the Parks and Recreation Advisory Commission to come up with a different set of amenities that could be programmed at Lorraine Park if there is going to be a referendum.

The City Council provided City Staff and JLG Architects with the following direction:

1. JLG Architects should prepare preliminary plans for a new aquatics center at Northview Park. By the end of the pool feasibility study, the plans should be detailed enough that the City can move forward with financing a pool project through one or more funding approaches.

2. City Staff should work with the Parks and Recreation Advisory Commission to determine whether there is a different set of amenities that could be proposed at Lorraine Park which would be exciting enough to help garner support from that neighborhood if there is going to be a parks referendum.

City Staff and JLG Architects have been working on the two tasks that were assigned at the May 12th Worksession and have reached a point where additional direction is needed on "next steps."

Council Direction Needed: Design of the Proposed Northview Park Aquatics Center

JLG Architects has completed a conceptual design for an aquatics center for Northview Park that would cost roughly $7-8 million and would have the following amenities:

- New pool building with changing rooms, staff spaces, concessions, and space for mechanical equipment.
- A new pool with beach entry, lap lanes, and a diving area.
- A play structure in the shallow end.
- A diving board.
- A climbing wall.
- Six (6) shade structures.
- A repaved and resurfaced 41-stall parking lot that would use the footprint of the existing lot.

- A concrete area that could potentially host two (2) water slides.
    - The slides could be added to the current project for an estimated cost of $600,000.
    - The space is being configured so that the slides could easily be added in the future as a standalone project.

Renderings of the proposed pool design are included as ATTACHMENT 1. City Staff is looking for Council feedback on the proposed design. Specifically, does the City Council want to see any changes to the design and does the City Council want to add water slides to the design now or should that be left as a future project?

Council Direction Needed: Funding Strategy for the Proposed Northview Park Aquatics Center

Northview Pool was initially funded by a voter-approved bond referendum that passed in 1955, and the Lorraine Splash Pool was funded by a voter-approved bond referendum that passed in 1991. In certain cases, such as when a municipality is exploring the construction of a new pool in a community that does not already have a pool, communities continue to utilize the referendum approach to determining whether to invest in these facilities. Generally speaking, it is relatively uncommon to put a bond referendum on the ballot when a community already has a pool and simply wants to replace that existing pool. Instead, most municipalities will conduct a pool feasibility study and will use robust public engagement to confirm that residents still want a public pool, confirm the desired location of that pool, and confirm what amenities residents want to see included in the new pool design. As long as the consensus from community engagement is that residents do want a new pool, most City Councils will simply vote to approve the issuance of general obligation debt without a referendum. Ehlers, the City's financial consultant, advises that while some City Councils do still choose to put a referendum on the ballot for a pool replacement project, this approach is considered very much an exception to the norm. The most common method for financing major pool replacements or rehabilitations, under similar circumstances to South St. Paul's, has been for a municipality to utilize its Tax Abatement Authority to issue general obligation debt to finance a pool replacement. The City of New Hope, Crystal, and Edina have all (or are currently) utilized this approach in recent years.

City Staff is looking for Council feedback regarding how the pool project should be funded. The City (like all Minnesota cities) does not have the legal authority to solicit private donations to pay for the pool, but the City does anticipate exploring opportunities to partner with community advocates, and it is possible that those advocates may have the desire and ability to conduct fundraising by setting up some type of "Friends of the Northview Pool" group. Ideally, private donations will allow the total sticker price of pool construction to be reduced, but it is highly unlikely that private donations will cover the entire cost of a new outdoor aquatics facility.

As such, it is Staff's expectation that some level of borrowing will be necessary to finance the construction of a new outdoor aquatics facility. Every $1 million dollars that the City borrows to build a new aquatics facility through borrowing is anticipated (at current interest rates) to add roughly $10 to the annual property taxes of the median value home for the next 20 years. For example, a $9 million bond would mean that the owner of a $283,000 house would pay roughly $90 more in property taxes each year for a term of 20 years (the maximum term for general obligation debt).

The City Council is asked to decide which of these two options they want staff to pursue for handling the City's share of the cost of constructing the pool:

Option 1: The City Council puts a bond referendum on the ballot. A new aquatics center is only built at Northview Park if the bond referendum passes with more than 50% of voters voting "yes" during an upcoming election.

Option 2: The City Council proceeds with the planning and issuance of general obligation Tax Abatement Bonds. Following a clearly defined statutory process, including holding a public hearing and adoption of a resolution, a new aquatics center is built at Northview Park if at least 4 of the 7 City Councilmembers vote "yes" to approve the resolution (and thereby, the issuance of GO Debt).

Discussion

The project team has several observations to help frame the discussion:

- It is purely a policy decision whether the City Council wants to use its Tax Abatement authority to issue general obligation debt or to put the question to the voters as a referendum during an upcoming election.

- The politics of a citywide referendum are extremely complicated and residents may not be able to come together to support a specific pool referendum with more than 50% of the vote, even if there is general support for a new aquatics center in South St. Paul. The Parks and Recreation Advisory Commission has not been able to come up with any big ticket items for Lorraine Park that would add interest and excitement and help South-end residents get more excited about voting "yes" for a referendum that would ostensibly "close" the Lorraine Splash Pool and build a new inclusive aquatics amenity at Northview Park. Members of the Commission have voiced support for picnic area improvements at Lorraine Park but this type of minor modification is unlikely to entice any additional voters to support a referendum. Some individual members of the Parks and Recreation Advisory Commission have advocated for a new splash pad at Lorraine Park, but City Staff is concerned that this is an expensive duplication of efforts since the new aquatics facility at Northview Park will have a spray feature for young children and there are already free splash pads nearby in West St. Paul and Inver Grove Heights. It is possible that some South-end residents may end up voting "no" on a referendum because they believe that it primarily benefits the North-end, and they are upset that the consolidated aquatics facility is being located at Northview Park instead of Lorraine Park.

- If the City Council wants to put a bond referendum on a future ballot, there is a cost to doing so and that cost is roughly the same no matter how much money the referendum is asking for. The education campaign that will be necessary to prepare for the referendum will have soft costs (i.e. staff time) as well as hard costs (i.e. printed materials, consultant costs, etc.). There will also be the costs associated with running a special election if the bond referendum is not placed on the ballot during a regular election. Bond referendums historically have had a higher likelihood of passing when they are handled as a special election because generally it is assumed that only those voters who have taken the time to understand the issue are likely to participate in a special election. Regular elections often include many casual voters who may not be fully informed about local issues and are at the polls primarily to vote on State and Federal issues that are also on the ballot.

- Staff is including an updated version of the Pool Feasibility Study FAQ as ATTACHMENT 3. Some parts of the original FAQ have been removed because they are no longer relevant since the City Council decided in May that the new aquatics center would be an outdoor facility and would be located at Northview Park.

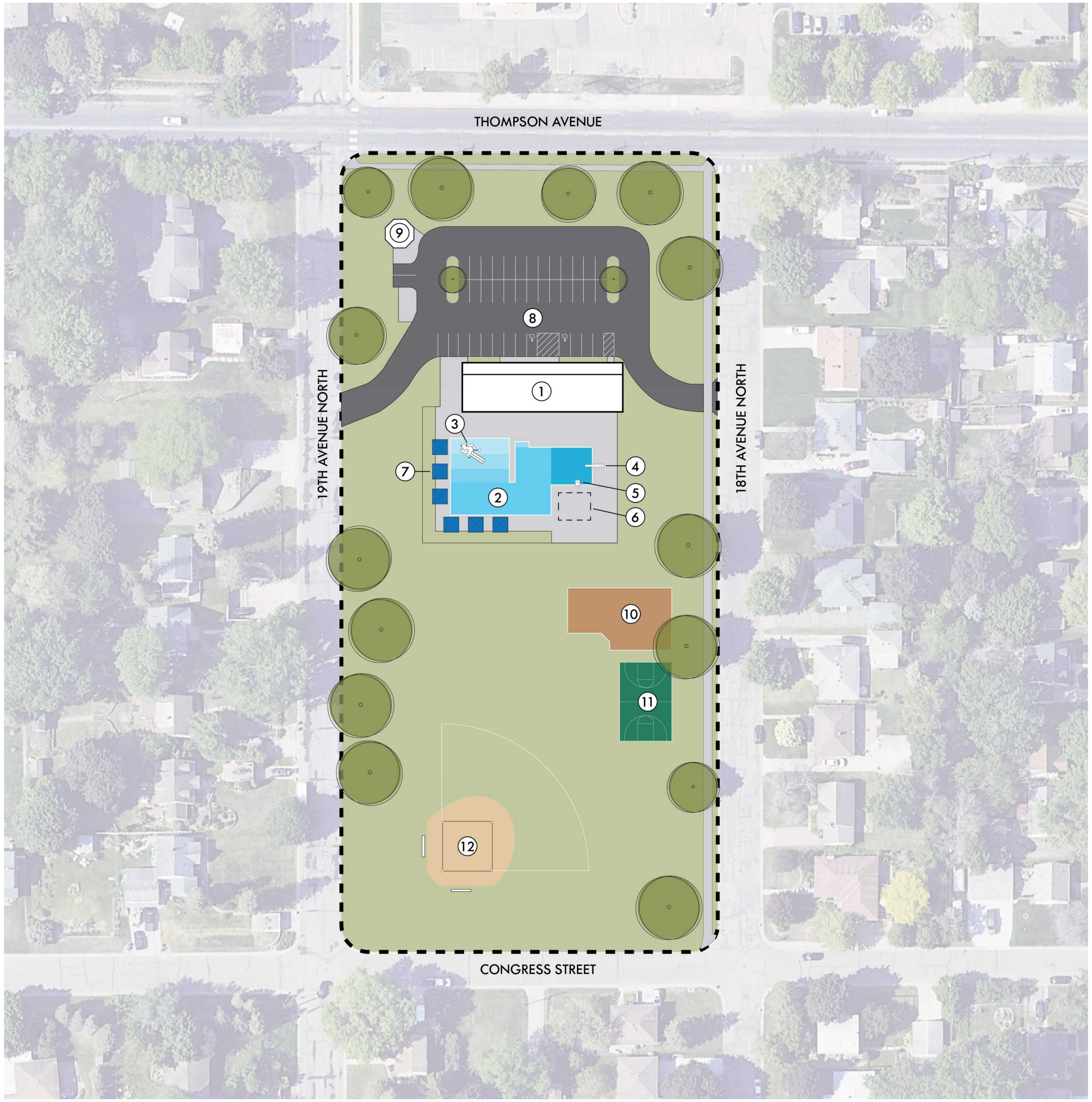
SOURCE OF FUNDS

The Pool Feasibility Study is being paid for using general fund dollars and has a "not to exceed" cost of $89,674.

ATTACHMENTS

1. Northview Park Aquatics Center Site Plan and Building Plan
2. Survey Results
3. Updated Pool Feasibility Study FAQ

ATTACHMENT 1
NORTHVIEW PARK AQUATICS CENTER
SITE PLAN AND BUILDING PLAN

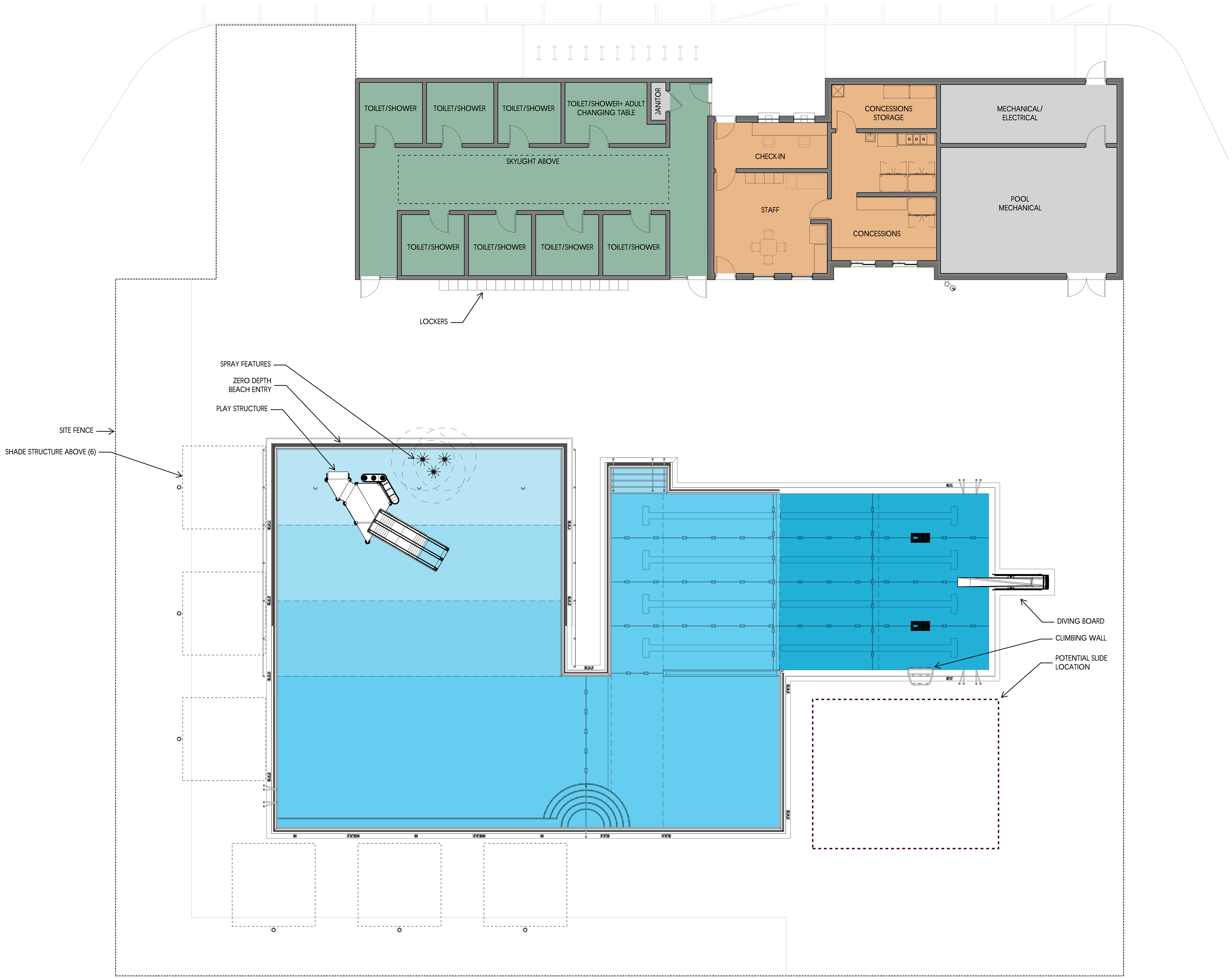


1. New pool building with changing rooms, staff spaces, concessions, and mechanical space
2. New pool with beach entry, lap lanes, and diving well
3. Play structure
4. Diving board
5. Climbing wall
6. Potential space for slides
7. Shade structures (6)
8. Repaved and re-striped parking lot (41 stalls)
9. Existing pump house
10. Existing playground
11. Existing basketball court
12. Existing softball diamond

SOUTH ST PAUL AQUATICS

SCHEMATIC SITE PLAN

JUNE 27, 2025 | JLG 24244 |



SOUTH ST PAUL AQUATICS

SCHEMATIC BUILDING PLAN

JUNE 27, 2025 | JLG 24244 |

SOUTH ST PAUL AQUATICS

RENDERING

JUNE 27, 2025 | JLG 24244 |

SOUTH ST PAUL AQUATICS

RENDERING

JUNE 27, 2025 | JLG 24244 |

ATTACHMENT 2
SURVEY RESULTS

Open House at Kaposia Library

Total: 62

If the City consolidates its aquatic facilities by building a new aquatics center at one park, which of these three parks is your top-choice location?

	Top Choice	Second Choice
Jefferson Park	38	5
Northview Park	16	26
Lorraine Park	3	13
Empty	3	3
No 2nd choice		13

Would you vote in favor of Referendum Option...

	Yes	No	Empty
Referendum 1	25	34	3
Referendum 2	38	17	7
Referendum 3	41	16	4
Referendum 4	23	30	7

Do you own real estate in SSP?

Yes	No
43	17

Referendum 1 = Indoor Aquatics Center at Jefferson Park

Referendum 2= Outdoor Aquatics Center at Northview Park

Referendum 3= Outdoor Aquatics Center at Jefferson Park

Referendum 4= Outdoor Aquatics Center at Lorraine Park

Online

Total:	475

If the City consolidates its aquatic facilities by building a new aquatics center at one park, which of these three parks is your top-choice location?

	Top Choice	Second Choice
Jefferson Park	147	119
Northview Park	219	133
Lorraine Park	82	110
Empty	27	30
No 2nd choice		83

Would you vote in favor of Referendum Option...

	Yes	No	Empty
Referendum 1	168	256	51
Referendum 2	262	162	51
Referendum 3	210	217	48
Referendum 4	179	253	43

What is your age?	
Under 18	5
18-24	20
25-34	111
35-44	148
45-54	92
55-64	55
65+	44

Do you own real estate in SSP?

Yes	No
392	83

Referendum 1 = Indoor Aquatics Center at Jefferson Park

Referendum 2= Outdoor Aquatics Center at Northview Park

Referendum 3= Outdoor Aquatics Center at Jefferson Park

Referendum 4= Outdoor Aquatics Center at Lorraine Park

Online + Open House

Total:	537

If the City consolidates its aquatic facilities by building a new aquatics center at one park, which of these three parks is your top-choice location?

	Top Choice	Second Choice
Jefferson Park	185	124
Northview Park	235	159
Lorraine Park	85	123
Empty	30	33
I don't want a new aquatics center unless it's		96

Would you vote in favor of Referendum Option...

	Yes	No	Empty
Referendum 1	193	290	54
Referendum 2	300	179	58
Referendum 3	251	233	52
Referendum 4	202	283	50

What is your age?	
Under 18	5
18-24	20
25-34	115
35-44	153
45-54	95
55-64	56
65+	47

Do you own real estate in SSP?

Yes	No
435	100

Referendum 1 = Indoor Aquatics Center at Jefferson Park

Referendum 2= Outdoor Aquatics Center at Northview Park

Referendum 3= Outdoor Aquatics Center at Jefferson Park

Referendum 4= Outdoor Aquatics Center at Lorraine Park

Analysis of Location Preference Results by Age

If the City consolidates its aquatic facilities by building a new aquatics center at one park, which of these three parks is your top-choice location?

	Answer			
Age	Jefferson Park	Lorraine Park	Northview Park	Grand Total
18-24	6	4	10	20
25-34	34	24	54	112
35-44	53	31	60	144
45-54	30	10	51	91
55-64	15	10	27	52
65+	10	6	24	40
Under 18	1	2	2	5
Grand Total	**149**	**87**	**228**	**464**

Which of the three parks is your second-choice location?

	Answer				
Age	I don't want a new aquatics center unless it's at my top park.	Jefferson Park	Lorraine Park	Northview Park	Grand Total
18-24	4	3	6	7	20
25-34	13	31	32	35	111
35-44	24	44	33	42	143
45-54	19	24	23	25	91
55-64	13	12	11	16	52
65+	10	9	8	12	39
Under 18	1	2		2	5
Grand Total	**84**	**125**	**113**	**139**	**461**

Written Comments Submitted Along with Survey Responses

- New park and pool 100%
- I believe that whatever choice is made, that a pool is made specifically for 10+ instead of simply a splash pad
- Lorraine park already has a pool that runs just fine and was built by my great grandfather it's something I am proud to tell people about when given the chance I would be sad to see that ruined but in the case it happened please don't take down the sign acknowledging his hard work and dedication he put into this town he helped many people in his time and I feel it would be really disheartening to see his footprint erased
- I really enjoy having aquatics in SSP. My family truly benefits from it. I love the idea of making a more centralized area for all of SSP to enjoy!!
- Sanimax must do something to help this town that they continuously stink up! What are they willing to fund?
- Why not just fix the pools at the existing locations??? If newer means you can charge more then you're not doing this for your constituents. The northview pool and Lorraine splash pad meet the needs of different demographics. The summer passes handed out are used constantly for both those pools, and I hope your statistic on how many people used those pools included the multiple uses of those passes.
- Pickleball courts at Jefferson Park with aquatic centers at either Northview or Lorraine would also be great. I'm excited for any plan to renovate our aging park infrastructure.
- Option one, I would replace the skateboard park with pickleball court. Skateboard parks seem outdated. Not sure why we'd lean towards that vs. pickleball. Hello, indoor park will come with higher cost to taxpayers, citizens will be able to use the facilities you're around and that's awesome!
- We already have an indoor pool at the community center. I don't think building another indoor one is the right choice. The kids (and adults) should be outside enjoying tbe summer months. We live on the north end of town and love that Northview is close and bigger kids can actually swim and have the diving board and climbing wall. Possibly adding a slide would be amazing! I think it would draw in more people as well. We have been to Lorraine one time in the 9 years we have lived here. It's not convenient for us and my child outgrew it years ago. Northview would be our top location choice. It's on a busier street which I've had people drive by it coming to visit us and mention it and how nice that there is a pool there. Is there a way to have a pool at northview and a splash pad at Lorraine? I feel Lorraine is more of a splash pad with a little bit more geared towards toddlers/preschoolers. There are a lot of other cities that offer a free splashpad. That way both locations have a way to cool off.
- I would much prefer an indoor pool for year round swimming and entertainment, not just as someone looking to enjoy the pool areas, but so that families year round can enjoy them as well. In far better environments and under better supervision than Central Square has.
- Lap swim for adults and play pool for kiddos
- My only side comment is I don't think it's worth it to build pickleball courts. I haven't heard anyone really ask for them and it seems to be a fad sport that will becoming less popular. I really like that the options of a skate park are included!

- I love having the pool option than just having a park at Northview park. The pool is so popular and easy walkable distance for people in that area.
- Northview is the best location. I can't see doing it at Lorraine without destroying the large trees.
- My priority is an OUTDOOR pool, not indoor.
- It seems that options 2, 3, and 4 are very similar in added property tax cost. I would not be in favor of a more expensive indoor facility, and would rather keep the outdoor pool at northview. Jefferson is also a good choice as it's more central in SSP compared to Lorraine.
- I love the idea of adding pickleball courts. I think these would be great at Jefferson park! It would be a shame to lose the sledding hill or skating rink at Jefferson park, so I hope all options keep those. I personally likely won't use an aquatic center, but think it is important for a community to have.
- I do not feel my tax dollars are best spent on an aquatic facility. There are plenty of more affordable options like pickleball courts that would get used more.
- As a mom of 4, we need an outdoor pool option we already have central square which is indoor.
- I would rather see Central Square enhanced as an indoor waterpark facility than see a new one built at Jefferson Park. Referendum 4 is my top, followed by referendum 3.
- Jefferson makes the most sense because of its central location in the city. If this site is chosen, consideration should be made for safe walking trails or sidewalks from the north especially, as a lot of younger families will be moving into that part of the city in the coming decade as the current residents get older.
- Whichever one has the best skatepark is the one I want.
- I like that all options still include improving existing parks. I also personally would be ok with a higher tax for a shorter term to ensure we got the pools full life before we had to pay for a new one or significant updates to the infrastructure
- Love an indoor water park!! Year round use
- As father to be and skateboarder, I would love for my future boy to grow up with a skatepark right across the street and having the opportunity to enjoy the sport. I am totally for park improvements especially when both my wife and I are planning to have more kids. My wife and I live at 626 18th Ave N so this would directly affect us. Thank you and have a great day.
- Add a splash pad to any of these options!!
- I think outdoor aquatics is really nice to have because kids get to enjoy the sunshine! Central square is great for indoor.
- PLEASE JEFFERSON PARK
- No preference as to which park
- If no pool at northview. It be nice to also have a tennis court that doubles as a pickle ball court if possible.
- I grew up with the big pool at Loraine that was filled and never replaced. Made us go to the other end of town to swim, now saying it's an option go bring one back. Ludicrous, update the north view pool
- SSP needs an out door pool for the public. It gets kids out of the house during the summer and it keeps them in the community!

- A outdoor pool for the summer would be nice and a concrete skatepark with street style obstacles would be amazing
- I prefer an outdoor aquatics facility.
- South Saint Paul doesn't need a new pool or splash pad especially indoor one funded by tax payers. The taxes are already high enough in this city and state
- South Saint Paul doesn't need a new pool or splash pad especially indoor one funded by tax payers. The taxes are already high enough in this city and state
- Ssp doesn't need a water park/pool that is paid for on the tax payers dime.
- We need something on the south side of town.
- Property taxes are insane. Kids don't use parks like they used to. Let the city find other sources of funds. Quit piling onto families who will NEVER use these pools.
- In my opinion. I think option number one would be great.
- I think it would generate good revenue and create some jobs. The State would be happy with that kind of revenue
- Instead of re-buildind our own facility, we should partner with the school district to better utilize the Central Square pool.
- I have children with special needs and I am much more interested in building an inclusive playground in SSP.
- Why was there no indoor aquatics option for Northview?! Seems shortsighted to only include an indoor facility for Jefferson and not either of the other two.
- Proper questioning should have been, indoor or outdoor, and which of the 3 parks.
- Doing anything new at jefferson Park is destroying good park space. Northview has alot of open rarely used space.
- Indoor pool plus pickleball
- Also add in putting Turf on McGuire baseball field!!!
- Build the outdoor pool for the kids to enjoy outdoor activities
- I'm honestly really happy to see modernization and improvements in South Saint Paul. My daughter and I utilize the pool every summer, It would be awesome to have something more modern, like the Grove in Inver Grove heights.
- Please make an area where toddlers can swim (like the pool/splash pad at Lorraine). It is so nice to have an area for our youngest kiddos.
- Jefferson has very limited area for parking and would increase traffic on southview
- I really love the idea of an indoor aquatic center. But could you team up with the school district and use central square pool and expand to the amphitheater? A splash pad or playable "river" at one of the other parks would be more used by the public.
- Please consult with local large business like Fury Motors and Sanimax on sponsoring some of the pool. I feel that Sanimax owes a lot to the people of south St. Paul and surrounding areas for the on going air pollution.
- Additionally I do not support the building of another INDOOR facility when we have central square. A new outdoor facility would mean neighboring areas would come to swim this increasing revenue for the city.
- I understand that an indoor facility is more costly, but my family only uses indoor pools - when it's warm enough to swim outdoor we go to lakes. I think an indoor facility would get more use.

- THANK YOU! This is a big undertaking and if we can pass something it could help SSP maintain its reputation as a great place to raise a family - we can't let this opportunity slip away!
- Our community and kids need a pool!
- I think if we're building and aquatic center it should be indoors. Look at a place like the grove. It's always busy in the winter
- I think it is important to have an outdoor aquatic center because there are not many of these around in the cities. I would really like if the aquatic park also had a splash pool or equivalent for toddlers to be able to enjoy.
- We love the splash pad at Lorraine. It's very important to my family that Lorraine has space for toddlers. Thank you!
- Oh, where to begin with this masterpiece of municipal mismanagement? Let's start with the ballpark move it to Thompson, and while you're at it, plop the skate park at Loraine so the crabby lady can finally stop her endless whining. Genius, right? And the rink? Obviously, shove it closer to South View so sleds don't turn it into a demolition derby. Lay down a concrete floor, cover it up, and voila a roller rink or picnic area for the summer. Revolutionary ideas, I know.
- Now, let's talk splash pads. Sure, put one at another park, but here's the kicker: keep the bathrooms open during daytime hours. Radical concept, huh? Kids have bladders, and shockingly, they need to use them. But no, we've got to pack up and head home because apparently, park bathrooms are reserved for softball games only. Bravo, SSP. Truly stellar planning.
- And while we're on the subject of spending, let's dissect this financial circus. Water rates, property taxes, school district needs, water well issues, and the absurd cost of a public works building, how are we supposed to afford living here? Oh, but don't worry, keep throwing money at EDA land and handing out tax breaks to wealthy builders (looking at you, Danner). Transparency? Trust? Ha! Those words clearly don't exist in this council's vocabulary.
- $675 for Turkish towels for public workers? Are you kidding me? Walmart cotton towels for $4 are good enough for the Vikings facility, but apparently not for SSP. And let's not forget the $20k a month for electricity at the Woog. Residents, did you know we're footing the bill for Nan McKay and the John Carol building too? Time to privatize some of these money pits and focus on actual city needs. Do better, SSP. Seriously.
- Too expensive
- If a pool is added to Jefferson, a sidewalk down 21st would be a great addition.
- Please build an outdoor facility in South St Paul! Doesn't matter where. There are already many indoor pools everywhere. Outdoor pools need to be kept alive. I have two children and have recently bought a home in SSP. Please build an outdoor pool!
- Please consider that the reason for the drop-off in attendance since the 90s may be due to reduced/inconvenient hours and no family summer pool membership.
- Look to see which location is best for the families of SSP.
- We have a home pool and do not use the current pool facilities. We would however use an aquatics center that was more than just a swimming pool.
- We have a lot of kids/teens on this side of town and nothing for them to do. Option 3 gives something new for each park.
- We live in MN! The new aquatic center is costing much money! The only sensible thing to do is make an indoor aquatic center that can be used year round. A new year round aquatic center

would generate more income to help with expenses of maintaining aquatic center and paying off loan. In addition, I would like to recommend at least 3 lanes for lap swimming. This would better accommodate both swimmers who are fast and very skilled, as well as older adults who prefer to walk and swim laps more slowly. Please include slide for walk in beach area, water activities for very young and older children. Also, it would be extremely nice to have some sort of picnic area, a few tables in the Northview Park. I am willing to pay some additional taxes to add these requests to the Northview Park. This is a big investment! Let us make it available to all ages with different interests/skills, and create a facility to meets the different needs and interests to last for many decades to come. Thank you!

- I have 2 kids and a husband here is ssp.
- Losing the pool at northview will be a huge negative for the neighborhood, it should be protected.
- I prefer knowing more true numbers before I would vote yes to another 20 year addition to mortgage especially with the way our economy is now.
- I like the idea of option 2 or 3 as we really need additional basketball and outdoor options for teens in addition to the pool or aquatics center.
- What about placing pickle ball in place of the tennis courts on the North end of town. Also, school district related is prior to CSCC switching hands. ARE WE EVER GOING TO GET LIFEGUARDS FOR OPEN SWIM AT OUR EXISTING INDOOR POOL FOR THIS UPCOMING SUMMERS!? I mean, goodness forbid it rains and our kids have nowhere to go swim
- The destination inclusive playground with pickleball/basketball and skate park nearby will bring families to town when looking for homes and will give a boost to local businesses. Inver Grove has an indoor facility that many people already use, so the less expensive outdoor options may be better, especially in light of the many rising costs we are all facing lately. I am very glad that we are investing in SSP!
- The kids here need things to do. Besides the pool we do need a skate park and a new park over here at Jefferson. There isn’t anything on this side of town. It’s the perfect place for a nice big pool. An indoor pool would be amazing because it can be utilized all year long and not just during the summer. Come on SSP let’s make a smart financial decision for once!
- Homes on the North end of town pay higher property taxes, which should be considered in determining the location of facilities and amenities.
- The taxes in this city are already super high, many aren’t going to be able to afford their homes if they keep rising
- I have 2 children that use Northview regularly, part of the reason we purchased our home was because of the proximity to an outdoor pool for our children.
- A referendum is extremely hard to accept when our property taxes are already very high mostly because of the school district portion. I think the city and school district need to worked together better and have more shared facilities as much as practicable. Neither should forget they share the exact same tax base.
- Stop raising property taxes! I’m tired of paying for things that only half of SSP residents would use! Families can simply drive 5 miles to Eagan or IGH to the aquatic centers! Instead of the other half paying for their family activities!! I’m tired of paying for things that are a trend, like pickleball. I’m tired of paying for things that don’t need to be updated! Every year our taxes go up and it’s out of control bc of city and state spending!!

- I think an indoor aquatic center is a really great idea in South Saint Paul. I hold a membership to the Inver Grove Heights facility for my self and my children. And we use it. If South Saint Paul started up their own indoor facilities, I would guarantee switch my membership and utilize the facilities as much if not more than Inver grove due to how close we would be
- South saint paul doesn't need a new pool on the tax payers dime.
- We need a pool!
- Jefferson park would be amazing!!
- Lorraine needs an adult sized pool back! But an indoor aquatics center would be beneficial to the community!
- Indoor facility while more expensive could benefit the city all year I would like to see something similar to the grove in wsp.
- It would be nice to have an option that has a park area big enough for all the community activities offered at the locations.
- Would really like to see something done before my kids age out of this sort of activity
- Thank you for taking action on this issue. Neglecting these key parks for decades and then being shocked that use continues to dip seems naive. Why wouldn't residents go to WSP or IGH when our facilities are crumbling. That said, residents value the parks near their homes and will appreciate you breathing new life into this infrastructure.
- Is there an option to put a new liner in the current Northview pool? Please don't take away the beautiful open land by Jefferson! I don't want all that extra traffic there I live right by it, just let us have some open land for goodness sake.
- Indoor facilities are easy to find, and we do not use them. Splash pads are great, but we have plenty in the surrounding suburbs. If you are looking to fill a *much needed* niche--choose the outdoor pool option.
- Keep the pool open please.
- Tax increases for 20 years?? No thanks.
- Unfortunately, taxes are already too high. Would not want any additional taxes added to current bill until something else drops.
- Lets get a lazy river in one of those plans.
- Northview neighborhood is used to a pool and wants to keep it
- We own a home near Northview and would like to keep an aquatic center at that location.
- We need an outdoor pool in town. An aquatics center that draws people into town and keeps families in SSP would benefit us all. We don't need an indoor pool. We have one. Best location is Northview. Lorraine is more central but that area isn't as open or accessible. Jefferson doesn't have parking and we need to keep our sledding hill and SPLISH splash bash.
- We support these improvements. We have concerns about basketball courts due to history, crime and other courts being removed due to dangerous activity. Grateful to see the city grow in these areas. Thank you!
- Hope a pool solution is found!!
- I'm very much in favor of an outdoor aquatics facility at ANY location at this point. I'll say that I feel the Lorraine location has more space and variety to attract families to make it a destination for families. The Lorraine location is also close to Inver Grove Heights and 494, which could draw families from other cities. The mature trees and picnic spaces, as well as the baseball field

make this park a good option, in my opinion. I would vote for any location, truthfully. An outside pool is an amenity my father, myself and children have been able to enjoy. We've been lucky! I want to continue this tradition for future generations. I'd love a nice facility to show off to other nearby cities, as well.

- Build indoor pool. Makes the most sense for long term
- North end south Saint Paul keeps tearing down activities at parks in the 20 yrs I've lived there and it's sickening. Don't tear something down unless theirs a plan to rebuild!! Had the funds when they were all built! Find it!
- An indoor pool would generate more money all year instead of just the summer months.
- I'm not totally against a pool facility at Jefferson, but it looks like the proposed improvements would destroy the sledding hill, which my kids use more than the pool (at least in years that we get snow).
- The Jefferson Park is in need of some love l, but it is so nice just to have open green space.
- I would love pickleball courts in South St. Paul. It would be nice to stay here instead of having to go to another city to play.
- I'm a renter and use the facility often
- I have a teen who uses the current pool ever summer. There is nothing else for kids to do on this side of South Saint Paul and you often ignore it and leave all city support until last resort. We deserve some love on this side of South Saint Paul!
- Stop trying to raise our property taxes for stuff that really doesn't get used. We have a pool at the community center. I think $4,500 a year in property taxes is enough.
- I really think an indoor facility, including maintenance, is too much for a town this size.
- This is awesome. Let's do it!
- I have 2 kids. My son would love to do his eagle project helping get a skate park in the city of So St Paul with ramps not concrete kind and a dedication naming for a friend that died. Concerned about the trees that have been planted
- I own a commercial pool business in South St Paul. You have been miss informed. Concrete pools are considered a permanent installation. Residential vinyl liner pools have a 30 year lifespan. You should not peddle lies. Currently almost every pool I service is more than 30 years old. One is more than 100 years old. Your pools are in the shape they are in due to improper maintenance and/or lack of knowledge. You should not take our money when you cannot properly maintain a swimming pool. Our rec department is obviously lacking in training and skills.
- We need an outdoor aquatic center for families. Central square is indoor and is a lap pool.
- We need an outdoor aquatic center. We do not need another indoor pool. We need to keep our sledding hill and skate rings at Jefferson. Jefferson should be used to expand the skate rinks and maybe even have something that brings people here to outdoor skate. North view is a great location for aquatics. Lorraine second if we can clean up that area.
- Only reason I wouldn't want Jefferson, is too much traffic at on 3 sides for kids to ride bikes to and from. Also, we would possibly lose the sledding hill and also the skating rinks. Northview only has 1 real fast traffic side and Lorraine is off the main road.
- I don't want my taxes raised at all.
- With grandchildren
- Taxes are already too high. Find another way to fund it.

- I think we should sell Jefferson Park to have the revenue to put into the other parks. I also think Lorraine is central to SSP and creating that as the essential city park should be a priority. While I understand you like having the baseball field, it's unusable to the public and only used for a few months. I think moving the baseball field back to the high school would benefit the school and community. I like the idea of a skate park but I fear no one will use them. I think a large aquatics building at Lorraine would generate $ and create a central location for the community. I also think creating picnic areas and a free water area with a water pad and several water areas to walk thru would be best at this location rather than a pool. I also think this community needs an indoor gym. The community center fails to provide the community with an indoor area for families and sporting events. Indoor soccer, basketball and a kids area would be beneficial.
- An aquatics facility that includes a kids area, pool and swimming lap area for the older community would be a plus.
- Thanks
- I think it's extremely important that South St. Paul has a public pool. My family uses the pools every summer. I would vote for any of these options.
- 20 years is too long for a referendum when the typical pool lifespan (as presented) is only 30 years. There is also no mention of fees to use the facilities and whether there would be a resident discount. The fact that attendance continues to decline after the loss of the WSP YMCA says volumes about the actual demand. I wish there was an option for a very modest shallow pool with splash pad area. A simple place to beat the heat locally without heading to IGH indoor, or Lebanon Hills beach. That serves a need. These aquatic center ambitions don't fit the community culture and financial resources of SSP.
- Why is the only indoor option at Jefferson Park? I would favor an indoor pool at a different location. We live near Jefferson Park and would not welcome increased traffic. I favor making improvements to Jefferson Park, but not the indoor water park. I would favor more trees and paths at Jefferson Park to encourage more walking and a playground improvement at Jefferson Park. I would vote for an indoor water park at either Northview or Lorraine.
- I like the idea of an indoor aquatic facility that could be used year round the most. Location isn't terribly important to me
- Already over taxed
- I said Jefferson because I'm thinking it's more centrally located within the city? I think you have got to have things of interest for children/young adults, and actually of all ages, to do that is in town and in their own city. How about miniature golf somewhere?
- We have an indoor at Central Square, no reason for 2nd indoor. Town of this size only needs one outdoor pool centrally located
- makes sense to have the lowest tax option and still keep the pool - no need to raise taxes more than necessary
- You need to finish grinding the stumps from all the dead trees you cut down and fix the streets, there falling apart, we don't need a new pool or the other garbage, stop trying to charge the homeowners for your pipe dreams, the taxed are crazy high already.
- Build an indoor pool with outdoor amenities. Indoor is the smart choice for our tax dollars. Then you could incorporate the warming house in this space and use the rest for parking and sledding hill.
- Indoor pool is our best option

- Lorraine is on a flat location with minimal landscape or infrastructure needed. There is a baseball field at Kaposia Landing so the McGuire Field can be repurposed to accommodate a bigger pool complex. Access to Lorraine is easy via 5th/7th Avenue exits on 494 and the facility is most centrally located.
- Instead raising property taxes there got some to get money for this ever time we want they raise property taxes think outside the box on this pool
- Is the indoor facility at central square in jeopardy of closing? Why would we need 2 indoor pools in option #1
- I am firmly against putting any large improvements into Lorraine. That end of town smells horribly in the summer and pool becomes unusable.
- The fact the city didn't bother fixing a known problem with the pool at Northview during covid. Instead pushed the problem off, the city should not be adding taxes for any new facilities.
- Forget the skatepark idea !
- All good ideas
- Life long resident
- Ssp needs an outdoor pool. Not a splash pad
- I live across from Northview & hope to have pool accessibility continued.
- No more taxes
- Spend money on education and affordable housing!!!
- You put up a basketball court you are looking for trouble and only the people that are playing on it can use it. Water facility can be used by young and old. Put up a picnic shelter and tennis courts or pickle ball that way young and old can use it together. Skate board park? Really? Ask Inver grove how many use their skateboard park. Once again only a certain type of person can use that facility. Multi use for young and old. The old folks are paying for these places to be built but who do you see on a basketball court or skate board park? They are not the ones paying for it and usually the ones causing the first trouble.
- Taxes are already too high for seniors on a fixed income. You are taxing us out of the city!
- Please continue to search for private funding.
- I grew up with the pool and my grandchildren and now I have great grandchildren wanted to use the pool.
- I do not want skate park and basketball courts- we've done this in the past and it has caused great violence, including guns! I would like to see the SSPPD weigh in on this part of the project. I do support pickleball courts.
- This would put a strain on the elderly that don't even use any of these facilities. Why can't you just build the pool at Northview and be done with it. Nope you have to add all kinds of other junk.
- Please seek alternative funding, we are quickly being taxed out of our honest which is the house I grew up in, and that's a travesty!
- We need to improve area for our future children and to keep families wanting to stay in SSP.
- I love the idea of adding pickleball courts. (SSP is lacking in this) Perhaps another place would be at Kaposia landing. Lots of space there. If you build it they will come.

- I'm happy that an outdoor swimming pool will be happening. Many of my senior friends want an outdoor pool. People from nearby cities will come and help pay for an outdoor swimming center.
- I have grandchildren using the parks
- Don’t need a pool don’t need any of it. I’m not going to pay any more taxes on it. We paid too much. I do have grandchildren. They don’t need that pool. We can go to West Saint Paul if we need to swim.
- Do need it
- Let’s get this done this time!
- I’m on a fixed income! How many parks does this small town need. Was the Kaposia Landing completed with all the proposals? No
- Central is old and hard for me to get into. A new pool is needed
- You should build a tennis court at Jefferson Park. I think you could convert the hockey rink that is already at Jefferson into a tennis court over the summer, because otherwise the hockey rink is not in use over the summer, and a tennis court would at least be something to do there, and I do not see a reason that the city could not put up 1 or 2 nets there if possible. If the nets were inconvenient there then it is possible to just pave out 1 or 2 courts somewhere.

ATTACHMENT 3
UPDATED POOL FEASIBILITY STUDY FAQ

Frequently Asked Questions (Updated 7-10-25)

The Pool Feasibility Study project team has answered a number of questions that were posed during public engagement activities during April and May of 2025. In May of 2025, the City Council decided that they wanted to move forward with an outdoor aquatics center at Northview Park. The FAQ has been updated to remove the questions/answers that relate to other parks or exclusively relate to indoor aquatics:

1. **Why would the City want to have one consolidated aquatics center instead of operating a splash pool at Lorraine Park and a traditional swimming pool at Northview Park?**

   It is unusual and expensive for a small suburban community to operate two large swimming pools at two separate locations which each have their own mechanical systems, bathhouse buildings, concessions, and lifeguards. Public outdoor pools in Minnesota are a great amenity but they lose money, they do not make money. Revenue from admissions and concessions can help with operating costs but generally will not touch the capital costs of constructing the pool in the first place. In recent years, there have been labor shortages which have made it more difficult and expensive to find qualified lifeguards. This makes it even more challenging to operate two separate public pools that each need a team of lifeguards.

   Currently, families with young children generally go to Lorraine Splash Pool and families with older children generally go to Northview Pool. Neither existing pool facility has the right design features to entertain a family with children of all ages, and this has a very real and very negative impact on total attendance numbers. JLG Architects has advised that the City should see a significant increase in total attendance numbers if it builds a “fun for the whole family” aquatics facility that includes both a full-sized swimming pool and a spray feature for young children. This will help the aquatics program bring in more revenue to offset operating expenses.

2. **Where did the $7-$8 million estimated cost for an outdoor aquatics center come from?**

   The proposed aquatics center would be designed to have pool options for children of all ages since it would be replacing both existing pools-Lorraine Splash Pool and Northview Pool. The $7-$8 million estimated price tag includes the cost of building a new program pool that is similar to Northview Pool except that it would have a zero-depth beach entry AND the cost of building a young children’s play area with a spray feature. The price tag would also include the cost of replacing/upgrading the parking lot and constructing a new support building with restrooms, changing rooms, and concessions.

   Two waterslides could be added to the proposed aquatics center for approximately $600,000. The site plan is being designed with a concrete pad and space where waterslides could be added in the future as a standalone project if the City Council does not choose to construct them immediately as part of the initial development of the new aquatics center.

3. **Wouldn't it be cheaper to renovate the existing pools?**

   It would likely cost almost as much if not more money to renovate the existing pools as it would to construct a new aquatics facility. It is difficult to control the budget of a pool renovation project because you might encounter issues you were not expecting once you start taking the pool apart. A new pool will last much longer than a renovated pool and building a new aquatics facility is the most cost-effective option for South St. Paul taxpayers.

4. **What would the operating costs be for a new outdoor aquatic center? What will it take to operate Northview Pool and Lorraine Park Splash Pool in 2025?**

   JLG Architects has prepared some very preliminary estimates of operating costs. An outdoor aquatics center would cost between $250,000-$350,0000 annually to operate.

   Northview Pool has a $116,547 budget for 2025. The Lorraine Park Splash Pool has a budget of $99,149 for 2025. However, both pools are at the end of their useful lives and require substantial "above and beyond" emergency investments each year to keep them operating which makes the facilities difficult to budget for. The Northview Pool went over budget by almost $28,000 in 2024 and the Lorraine Splash Pool went over budget by almost $20,000 in 2024.

5. **Could an aquatics center be a money maker for the City of South St. Paul? Should we invest in a high-amenity waterpark to attract out-of-town users and make even more money?**

   Public pools and community centers do not make money. In addition to paying the capital costs to build the facility in the first place, local taxpayers in many communities must contribute an annual operating subsidy because these types of facilities often do not generate enough revenue to fully cover their annual operating expenses. Public pools and community centers are an amenity, and they should be primarily tailored towards local needs since it is the local taxpayers who will be responsible for covering the annual operating subsidy if one is needed. That being said, making the facility inviting enough to attract non-residents can bring in additional revenue and help offset operating costs.

   JLG Architects has prepared some preliminary estimates of how much revenue an outdoor aquatics center could bring in. They believe that an outdoor aquatics center could bring in as much as $200,000-$280,000 in revenue annually so it may be able to almost fully cover its own operating expenses.

6. **Does a new aquatics facility have to be paid for using property taxes? Can the City try to create a local sales tax instead?**

   The City will try to get State funding and private donor funding to help bring down the cost of building a new aquatics facility. The State Legislature recently agreed to pay for almost half of the $5.35 million cost of renovating the City of Crystal's swimming pool, but Crystal operates a regional pool that serves many non-residents. The City of South St. Paul was not successful in its efforts to get bonding dollars for the aquatics program during the Minnesota Legislature's 2025 session.

The State Legislature imposed a two-year moratorium on new local sales taxes during their 2023 session and they will not consider allowing any cities to implement a local sales tax until 2026 at the earliest. The City of South St. Paul did study this issue several years ago and it was determined that relatively few non-residents shop and dine in South St. Paul so a local sales tax would primarily affect existing city residents.

Some community members have suggested during public engagement that the City should have raised taxes decades ago to establish a special fund that could be used now to build a new pool with cash and without borrowing money. That type of approach is generally not politically feasible because it means that the people paying for the new pool may never even get to use it. It would be very unusual for elected officials to raise taxes on current residents to establish a fund to pay for future recreational amenities that will exclusively benefit future residents.

7. **Did the City talk with the South St. Paul School District about the potential for collaborating on aquatics?**

Members of the pool feasibility study team had meetings with South St. Paul School District Staff to discuss the potential for collaboration. The School District does not have any need for an outdoor pool and would only be interested in a potential collaboration if the City builds a large indoor pool that would allow the School District to retire their existing indoor pool at Central Square. The elected School Board members have not weighed in on whether they would consider retiring the Central Square swimming pool. Many school districts view ownership of an indoor swimming pool as being an essential part of their mission. It is unusual for a City and a School District to share a pool facility since the two entities often have conflicting programming needs.

The project team has determined that it would cost roughly $11 million to build an indoor aquatics center in South St. Paul but this type of facility would only be large enough to accommodate the community's recreational needs. The aquatics center would need to be much larger to accommodate a large enough lap pool to support the School District's swim team and the cost would likely increase by at least $8 million for a total project cost of $19-$21 million. The School District does not have any cash on hand to contribute to an indoor aquatics facility so the only way to fund a roughly $20 million project would be a bond that is large enough to cover the full cost. The School District's swim team program is currently very small and has just a handful of participants. The School District also uses their existing indoor pool for gym classes and swimming lessons in addition to offering some community open swim time.

The project team has heard feedback from many community members that the School District's indoor pool at Central Square is kept at a low temperature to make it better suited for competitive swimming. The colder water makes the facility less pleasant for recreational users. There would be some logistical challenges such as water temperature to be worked through if the City and the School District wanted to collaborate on an indoor aquatics center at some point in the future when the Central Square pool is at the end of its useful life.

8. Could the City collaborate with Dakota County or West St. Paul and build a regional pool?

There are already many indoor and outdoor regional pools in the area that can be easily reached by any SSP resident who has access to a car. Community members have consistently expressed that one of the main reasons why they love the Northview Pool is that it is a rite-of-passage for middle school students and teenagers to go to the pool by themselves by walking or riding their bike. Northview Pool is a community pool that is easily accessed by community members. It is very unlikely that a regional pool would be built in South St. Paul due to space constraints so any new regional pool in Dakota County would likely require a car trip and would not be that much more convenient than existing regional pools. Ramsey County and Anoka County both operate large regional pools, but they built their pools at County-owned regional parks where there is room to build a large parking lot to handle the parking demand that a regional pool facility would bring.

9. Can the City explore building an outdoor pool with a retractable roof or inflatable dome so that the pool can used all year round?

JLG Architects has warned against pursuing this type of project. There is no cost-effective way to seasonally enclose an outdoor swimming pool with a proven technology. A retractable roof system that has enough insulation to allow year-round swimming would be enormously expensive and would be financially out of reach for South St. Paul. Baldwin, Wisconsin launched a project in 2021 to build an outdoor pool that can be enclosed during the winter with an inflatable sports dome. This is not a proven technology, and there are enough downsides to this approach that it is not recommended at this time. There are substantial labor costs and logistical challenges involved with erecting, taking down, and storing the dome each year. The dome itself has a limited lifespan and will need to be replaced periodically with a substantial cost.

WORK SESSION AGENDA REPORT

DATE:	July 14, 2025
DEPARTMENT:	City Administrator
PREPARED BY:	Ryan Garcia
AGENDA ITEM NUMBER:	2.D.

MEETING TYPE
Regular Meeting

AGENDA ITEM
Compensation Philosophy

ACTION TO BE CONSIDERED OR DESIRED OUTCOME
Staff is looking to engage the Council in discussion about the formulation of guiding principles, if not an overarching philosophy, for the City's approach to employee compensation. It is anticipated that Council will provide direction so that staff can generate a documented compensation philosophy that Council reviews and considers for approval at a future meeting.

OVERVIEW
As the Council is aware, the attraction and retention of a strong workforce has been identified as a high priority in our annual goal-setting process. There are many elements that impact our ability to be successful in attracting and retaining talent, including organizational culture and leadership, the ability to navigate work-life balance expectations of Staff and, of course, compensation and benefits. In recent years - particularly "post COVID" - the dynamics around employee compensation have evolved pretty rapidly as public employers grapple with the impacts of the tail of baby boomers leaving the workforce, the increased flexibility afforded to the workforce through "gig" employment and private, oftentimes remote employment, and a general shift in attitudes (in both the labor pool and the general consciousness) about public service. These factors have made it more difficult to attract interest in opportunities in the public sector (including SSP) and have generated a demonstrable shift (upward) in compensation virtually across the board for public sector positions that we're seeing from our "competitors" (ie, other cities and counties). With these dynamics as a backdrop, Staff is seeking Council discussion and direction about how South St. Paul should seek to position itself in the job market through the establishment of some guiding principles and/or strategies as it relates to compensation.

Staff will be prepared to share with Council at a high level the City's current, relative position "in the market" as it relates to compensation and benefits, and to explore with Council potential parameters to contemplate as we consider our Compensation Philosophy. As one community in a large metro area, we have scores of "competitors" and it will be important to define what conditions and characteristics (such as budget/organization size, location, population, level of complexity, etc) we think should factor into how we view ourselves and define our comparative set. As Staff is continually monitoring the market, we are aware that just in the past couple of years compensation ranges for many of our positions, throughout most of our bargaining units, are starting to lag. We feel that it is important to take stock of this situation early and benchmark where we are, where we'd like to be, and define strategies for monitoring and modifying this approach and philosophy into the future.

SOURCE OF FUNDS

There is no direct cost to the City for the establishment of a compensation philosophy. Staff will lead this work.

ATTACHMENTS

None