STEELE COUNTY BOARD OF COMMISSIONERS
WORK SESSION AGENDA

Administration Center - 630 Florence Avenue – Owatonna, MN 55060

Steele County's Mission:
Driven to deliver quality services in a respectful and fiscally responsible way.

TUESDAY, June 13, 2023 AT 4:00 PM
County Boardroom, Steele County Administration Center

Agenda

1. Call to Order

2. Local Housing Trust Fund

3. Other Business

Presentation

4. MCIT – 20 Minutes + questions
   Kevin Balfanz, MCIT Director of Field Services

Adjourn

Disclaimer: This agenda has been prepared to provide information regarding an upcoming meeting of the Steele County Board of Commissioners. This document does not claim to be complete and is subject to change.

Steele County
Agenda Item

Subject: Local Housing Trust Fund Ordinance

Department: Administrator's Office

Committee Meeting Date: June 13, 2023

Board Meeting Date: June 13, 2023

Consent Agenda: ☐ Yes ☒ No **Resolution:** ☒ Yes ☐ No

Recommendation:

Adopt a Local Housing Trust Fund Ordinance.

Background *(Including Budget Impact)*:

During the April 11 Steele County Board Work Session, Karina Schmitz, MNPrairie Housing Resource Specialist, provided details regarding the establishment of a Local Housing Trust Fund (LHTF) in conjunction with a recommendation to appropriate 90% of the member-county's Local Homeless Prevention Aid (LHPA) to seed the LHTF and appropriate the remaining 10% into a fund to be utilized for hotel shelter vouchers. While no formal resolution was adopted on April 11, there was a unanimous agreement among the commissioners to proceed with the subsequent steps in this process.

A next step towards establishment of a Local Housing Trust Fund entails following Steele County's procedure to officially adopt the ordinance.

Attachments:

Local Housing Trust Fund Ordinance

Ordinance _____

Steele County Local Housing Trust Fund

SECTION 1.0 PURPOSE, AUTHORITY AND JURISDICTION

1.1 TITLE
This Ordinance shall be known, cited, and referred to as the "Steele County Local Housing Trust Fund Ordinance". When referred to herein, it shall be known as "this Ordinance".

1.2 STATEMENT OF PURPOSE
This Ordinance is adopted for the purpose of establishing a fund which allows for the flexibility to respond in innovative ways to address local affordable housing needs.

1.3 STATUTORY AUTHORITY
This Ordinance is adopted pursuant to the authorization and policies contained in Minnesota Statues, section 462C.16 and Minnesota Statutes 462A.201.

1.4 JURISDICTION
This ordinance shall apply to all areas in Steele County.

SECTION 2.0 DEFINITIONS

Affordability Period. The amount of time the project must meet affordability criteria.

Affordable Housing. Refers to housing that costs 30% or less of a household's gross income.

Community Advisory Committee. A committee comprised of a mix of elected officials, administrator entity staff, housing organization staff, and residents with lived experience or some other housing expertise tasked with providing oversight of the Local Housing Trust Fund.

Elected officials. Refers to County Commissioners.

Fiscal Agent. The entity which establishes the Local Housing Trust Fund Account.

Fund Administrator. Entity responsible for administration of the Local Housing Trust Fund in accordance with Minnesota Statutes and the local County ordinance.

Local Homeless Prevention Aid. Funding distributed to counties to help local governments ensure no child is homeless within a local jurisdiction by keeping families from losing housing and helping those experiencing homelessness find housing.

Local Housing Trust Fund. A fund established by a local government with one or more dedicated sources of public revenue for housing.

SECTION 3.0 ADMINISTRATION OF LOCAL HOUSING TRUST FUND

3.1 THE AUTHORITY

MN Prairie County Health Alliance (the "Fund Administrator") shall administer the Local Housing Trust Funds on behalf of Steele County.

3.2 REPORTING AND DOCUMENTATION REQUIREMENTS

The Fund Administrator shall report annually to the County on the use of the Local Housing Trust Fund, including total amount expensed, types of expenses, number of households served, and number of new affordable housing units established.

3.3 ADMINISTRATIVE EXPENSES

The Authority may charge up to 10% of the balance of the fund for program administrative expenses.

SECTION 4.0 OVERSIGHT AND ADVISORY

4.1 COMMUNITY ADVISORY COMMITTEE

A Community Advisory Committee will be established to provide oversight of a LHTF

4.12 The Community Advisory Committee will provide recommendations to the County board regarding general provisions of the Local Housing Trust Fund.

4.13 The Community Advisory Committee will meet one time per year minimally.

4.14 Annually, the Community Advisory Committee will recommend Housing Trust Fund funding priorities and present a budget proposal to the County Board.

4.13 Members may include:

- (a) Elected officials
- (b) Administrator entity staff
- (c) Housing organization staff
- (d) Residents with lived experience
- (e) Residents with housing expertise

4.2 COUNTY BOARD OF COMMISSIONERS

The County Board will make the final decision regarding:

- (a) Defining Housing Trust Fund Funding Priorities
- (b) Approving an annual budget for Housing Trust Fund expenditure priorities
- (c) Defining the housing activities eligible for support from the Local Housing Trust Fund
- (d) Defining target population(s) and establishing parameters about which types of households will be eligible to be served by Local Housing Trust Fund dollars.
- (e) Specify the types of organizations that are eligible to apply for and utilize the proceeds of funding awards.

(f) Determine the form that a Local Housing Trust Fund award will take, such as grants or loans as well as the specific terms and conditions of these funding awards
(g) Determine the required affordability period – the amount of time the project must meet affordability criteria.
(h) Determine the responsibility of a loan grantee if the required affordability period is not fulfilled.

SECTION 5.0 GENERAL PROVISIONS

5.1 FUNDING SOURCES AND FUND MANAGEMENT

5.12 Public revenues from one or more sources must be dedicated to the Local Housing Trust Fund. Allocated revenues are protected for housing uses in the community.

5.13 Steele County will serve as the fiscal agent of the Local Housing Trust Fund.

5.14 90% of the annual County Local Homeless Prevention Aid will be dedicated to the Local Housing Trust Fund through 2028.

5.15 Prior to December 31, 2028, will take additional action to determine whether to continue with a Local Housing Trust Fund. If a decision is made to continue, the board will determine one or more sources of public revenues that will be dedicated to the Local Housing Trust Fund.

5.16 Other one-time or ongoing funding sources may include, but are not limited to:

(a) Donations
(b) Bond proceeds
(c) Grants and loans from a state, federal or private source
(d) Appropriates by a local government to the fund
(e) Investment earnings of the fund
(f) Housing and redevelopment authority levies
(g) Matching funds from a federal or state program designed to fund an affordable housing trust fund

5.2 DISTRIBUTIONS

5.21 Authorized expenditures outlined in MN Statutes 462C.16
(a) Administrative expenses, but not more than ten percent of the balance of the fund may be spent on administration
(b) Make grants, loans and loan guarantees for the development, rehabilitation, or financing of housing
(c) Match other funds from federal, state, or private resources for housing projects
(d) Provide down payment assistance, rental assistance, and home buyer counseling services

5.3 ANNUAL REPORTING

5.31 The Local Housing Trust Fund administrator entity must report annually to the County Board.

(a) Illustrate the impact on the community's housing needs
(b) Characterize the nature of the housing projects and programs supported by the Local Housing Trust Fund
(c) Accomplishments in terms of households served

5.32 The County must post the annual report on its public website.

SECTION 6.0 EXCEPTION AUTHORITY.

The County Board of Commissioners may review the Trust Fund at any time in its sole and unfettered discretion so long as such exceptions do not violate Minnesota Statutes 462C.16.

Steele County Agenda Item

Subject: Local Housing Trust Fund Appropriations

Department: Administrator's Office

Committee Meeting Date: June 13, 2023

Board Meeting Date: June 13, 2023

Consent Agenda: ☐ Yes ☒ No **Resolution:** ☐ Yes ☒ No

Recommendation:

Appropriate 90% of Steele County's Local Homeless Prevention Aid to the Local Housing Trust Fund and the remaining 10% into a fund to be utilized for hotel shelter vouchers.

Background *(Including Budget Impact)*:

During the April 11 Steele County Board Work Session, Karina Schmitz, MNPrairie Housing Resource Specialist, provided details regarding the establishment of a Local Housing Trust Fund (LHTF) in conjunction with a recommendation to appropriate 90% of the member-county's Local Homeless Prevention Aid (LHPA) to seed the LHTF and appropriate the remaining 10% into a fund to be utilized for hotel shelter vouchers. While no formal action was adopted on April 11, there was a unanimous agreement among the commissioners to proceed with the subsequent steps in this process.

Attachments:

2023 MCIT Report to Steele County

MANAGING RISKS TOGETHER

Tailored Coverage, Valuable Service, Member Focused

MCIT Focuses on Benefiting Members

As a risk sharing pool, Minnesota Counties Intergovernmental Trust provides specific lines of coverage and services to meet members' unique risk exposures. MCIT works to protect the stability and longevity of the program for the benefit of all members.

MCIT is not an insurance company focused on profits. Rather, MCIT is a public joint powers entity dedicated to helping members manage their risks so they can carry out their public service mission to the citizens of Minnesota.

Through MCIT, members pool resources to provide:

- Property, liability, auto, cyber and workers' compensation coverage
- Programs and services to assist members in managing risks and controlling losses

As a public entity, MCIT understands the unique challenges facing local governments and offers ways to address those risks.

Members Do Their Part

The success of MCIT is built on each member's willingness to:

- Support loss prevention and risk management strategies.
- Take reasonable steps to mitigate claims.
- Collaborate with MCIT when losses occur.
- Fulfill financial obligations to MCIT.

MCIT Mission

Providing Minnesota counties and associated members cost-effective coverage with comprehensive and quality risk management services.

MCIT
Minnesota Counties Intergovernmental Trust
MCIT.ORG | 1.866.547.6516

Reinsurance Maintained at Acceptable Costs

Consistent with past years, reinsurance carriers remain guarded in working with public entity pools given the state of the market and risks associated with member operations. MCIT purchases reinsurance to protect the program from covering the total cost of catastrophic claims.

For 2023, the property reinsurance rate increased 8 percent, and the liability reinsurance rate rose by 24 percent.

Cyber Coverage Preserved, Enhanced for 2023

After Hartford Steam Boiler informed MCIT in mid-2022 that it would not renew MCIT's cyber-coverage program for 2023, staff worked tirelessly to find a suitable replacement before the new year. They succeeded.

For 2023, the new cyber-coverage program:

- Includes increased aggregate coverage limits for members ($500,000 for county members)
- Provides increased sublimits
- Offers retroactive coverage

The new program includes similar coverage to the HSB program, including an endorsement for misdirected payment and computer fraud incidents. The deductible for county members is $10,000.

Cost-containment Measures

To help limit members' required contributions, MCIT looks for ways to minimize the program's costs, including:

- **Pursuing recoveries:** When a claim involves a third party who is legally responsible for the loss or damage in whole or in part, MCIT pursues recovery of funds on the members' behalf. **In the past five years, MCIT has recovered nearly $3 million.**
- **Medical bill review:** For workers' compensation claims, MCIT uses a third party to review medical bills to assure coding and pricing accuracy, achieving lower overall expenses.
- **Pharmacy benefit manager:** This outside service helps limit the cost of filling prescriptions under workers' compensation benefits.

Dividend Reflects Actual Expenses, Investments

MCIT TOTAL DIVIDEND

(Workers' Compensation Division Only)

$7 MILLION

STEELE COUNTY DIVIDEND

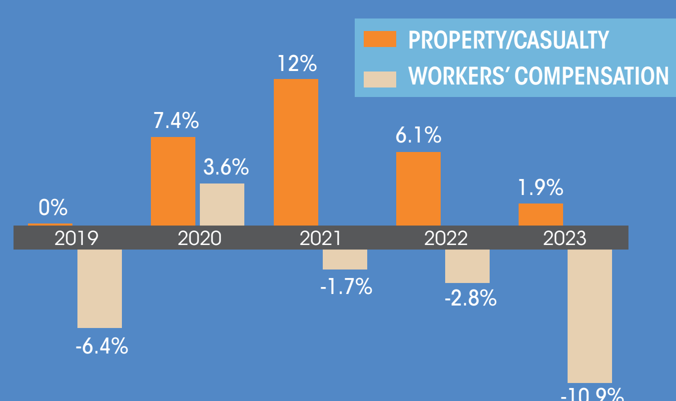
$97,625

Dividends reflect MCIT's past claim experience and the performance of MCIT's investments. MCIT only issues a dividend when it is actuarially sound and fiscally prudent.

Although not guaranteed, the board is committed to returning funds to members when appropriate.

Rates Anticipate Expenses

MCIT AGGREGATE RATE CHANGES (2019-2023)

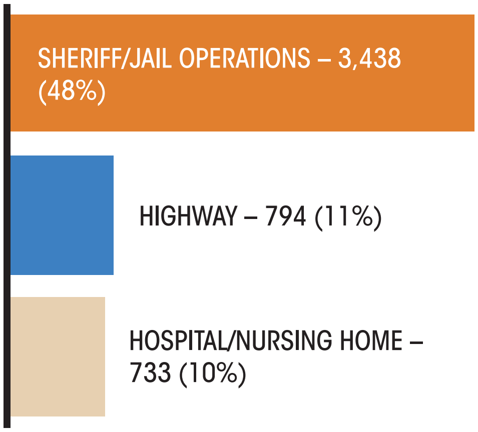


The historical cost of claims and expenses associated with MCIT operations are used to project the amount of contribution needed for the next year. MCIT aims to collect only what is necessary to cover these costs.

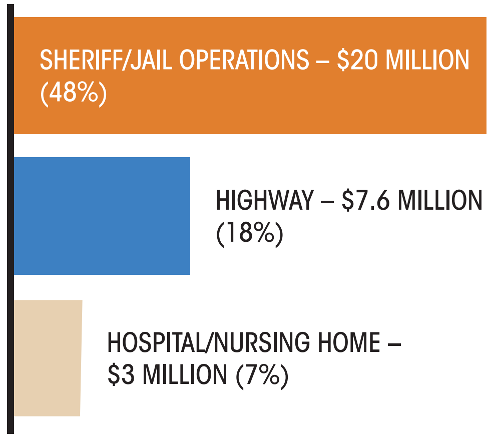
Aggregate Workers' Compensation Claims Top 3 by Department

2018-2022

BY FREQUENCY



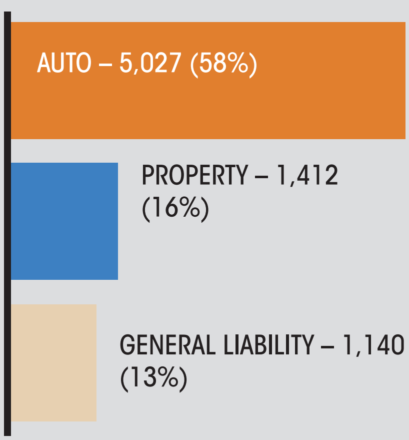
BY SEVERITY



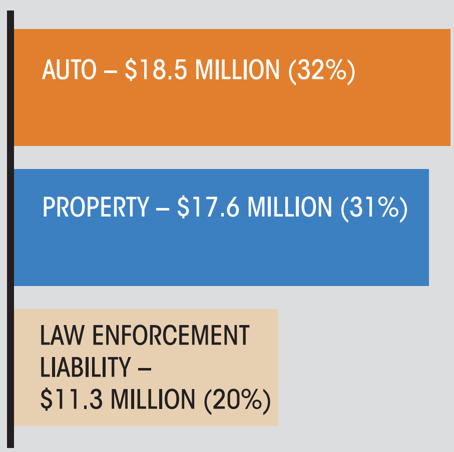
Aggregate Property/Casualty Claims Top 3 by Line

2018-2022

BY FREQUENCY



BY SEVERITY



Although MCIT does not experience rate property or liability coverage, the frequency and severity of all member claims influence the cost of coverage.

Workers' Compensation Claims Affect County's Contribution

STEELE COUNTY'S MOD RATE AND COST DIFFERENCE

The county's factor for 2023 is

0.987

The county's difference from the base cost of coverage is

($3,039)

Recent mod factors: 2022, 0.931; 2021, 0.987; 2020, 0.93; 2019, 0.911.

The frequency and severity of work-related injuries and illnesses affect each member's experience modification (mod) factor. This unique factor is part of the formula used to determine a member's annual workers' compensation contribution.

Other factors include the amount of payroll in each employee class code and the rate for each class.

A mod of 1.0 reflects expected claim development.
A factor greater than 1.0 can increase the contribution.
A factor less than 1.0 can decrease it.

Knowledgeable Advice, Valuable Services

MCIT offers members a number of services, programs and items to assist them in reducing losses and mitigating risks. Most are provided as part of membership.

CONSULTATION SERVICES

Risk management and loss control consultation services assist members in preventing losses and making the most of their lines of coverage.

AWARENESS AND PREVENTION MATERIALS

Based on claims frequency and severity, MCIT develops resources to assist with preventing losses and reducing the severity of claims.

TRAINING FOR OFFICIALS AND EMPLOYEES

Seminars, workshops, on-site presentations, PATROL (Peace Officer Accredited Training Online), training videos, defensive driving training

ACCESS TO SERVICE PARTNERS

MCIT membership includes access to services through partner organizations:

- Employee Assistance Program
- Minnesota Safety Council
- HSB boiler and pressure vessel inspections

Commissioners are encouraged to:

- Learn how coverage applies before making final decisions
- Have contracts reviewed for risk management before signing or approving them
- Support safety initiatives (e.g., the safety committee and a program to return injured employees to work)
- Support and encourage training and education for all employees
- Attend risk management training
- Promote safety at all levels
- Engage MCIT