



State of the City

Presented by Mayor Jack Haugen on Feb. 6, 2006

- 1) City council members, city staff and residents of Prior Lake, I am honored to stand before you tonight to present the State of the City. I am proud to be the mayor of Prior Lake, I appreciate the support you have given me and the city council for the past four years, and I look forward to my next four years in office.

- 2) I'd like to begin by zooming out to the big picture. Let's count our blessings for a moment.
 - a) In spite of conflict throughout time, our nation is the most free and prosperous in the history of the world.
 - b) Gov. Tim Pawlenty during his November address to the chamber boasted that our state has: 1) the smartest kids in the country based on ACT scores, high school graduation rates; 2) healthiest and longest-living people in nation; 3) a health-care system second to none; 4) a very diverse economy with more Fortune 500 companies per capita than anywhere else in the nation; 5) and a populace among the most civically-engaged and charitable in the nation, and is also tops in voter turnout.
 - c) So we're fortunate as Americans, and fortunate as Minnesotans.
 - d) But we're especially fortunate because of the city in which we choose to reside. This is a wonderful community that is blessed by its people, partnerships, natural areas, schools and civic pride. From a resource standpoint, our city residents are among the most blessed in the metro area. In the 2002 census, the median household income for our city was \$77,646, and our recent McComb Market Study projected that the median will grow to \$93,612 by the year 2007. Both figures far outpace those of the nation, state, and most other metro communities. We have 14 lakes, 850 acres of parkland, 60 miles of trails and sidewalks, and athletic facilities that are the envy of most suburban communities. All this...and we're less than a half-hour's drive from heart of downtown Minneapolis and St. Paul.
 - e) The bottom line is that Prior Lake is not just a wonderful place to call home ... it's the best place to call home.

- 3) The challenge before us today is to not only preserve our outstanding quality of life, but to enhance it. Fact: Prior Lake is different today than it was 20 years ago. It was different 20 years ago than it was 40 years ago. And it'll be different 20 years from now than it is today.
- a) The real measurement of the success or failure of the last City Council and this one will be judged not today, but 20 years from now by what Prior Lake becomes.
 - b) That's why the 2030 Vision and Strategic Plan is so important.
 - c) Our mission statement as a city is to enhance the quality of life for current and future citizens by providing quality services which result in a safe, secure community; recreation and leisure opportunities; preservation and effective use of lakes, parks and other natural resources; economic vitality, and the promotion of partnerships, volunteerism and civic pride for the community's diverse population.
 - d) To achieve the 2030 Vision, the strategic plan must serve as the guide for every single decision that we make today. Several hundred people have come together over the past four years on three separate occasions to provide a clearly defined vision for our community. When our council is faced with a decision, our mindset should be simply this: If something fits, we ought to support it. If it doesn't, we ought not. It's our roadmap to the future, and we're at our very best when it's the driving force that's behind us.
 - e) Other communities recognize the value of this long-term visioning. Savage has completed its own visioning process, and Shakopee is in the process of doing so.
 - f) Scott County is in the midst of a 2030 visioning process of its own. I serve on the steering committee. The intent is to create dialogue with residents throughout the county and to paint a picture of what Scott County will look like by 2030. As residents, I encourage you to participate.
- 4) This emphasis on visioning is essential because growth is unavoidable. It is happening all around us – and it has been happening for decades. When Mary and I moved here in 1973, Prior Lake was 1 square mile. Today, it's 18. By 2024, it is projected to be 23-25 square miles.

- a) Peter Bell, the chairman of the Met Council, has indicated that an additional 1 million people will live in the Twin Cities by 2030. A significant number of them will live in Scott County.
 - b) Growth is good. The challenge for Prior Lake will be to effectively manage growth, and to create quality growth which will sustain itself over time so that when we look back in 20 or 30 years, the housing, infrastructure, business development and schools will have stood the test of time.
 - c) From my perspective, it's far better to be dealing with the positive challenges of growth than the negative challenges of stagnation and declination that are facing so many other Minnesota cities and towns.
- 5) In anticipation of that growth, we must recognize that our boundaries are changing and will continue to change over time.
- 6) Spring Lake Township properties are being added to the city annually as a result of our annexation agreement with the township.
- a) Let's go back in time. Once, not long ago -- in fact, a short six years ago – the likelihood of an agreement between the city and the township on the subject of annexation was remote, at best. There was anxiety, there was frustration, and there existed a rift that prevented anything from happening, which in turn created uncertainty.
 - b) Now, because of the positive relationship that we built with township supervisors and residents, there is a long-term plan in which township residents and the city know what to expect and when to expect it. It's good for the township and its residents, and it is good for the city.
 - c) Property owners outside the boundaries are ASKING to be annexed. In fact, more than 150 acres have already been annexed in that fashion in the last year.
 - d) Clearly, it was the right thing to do for our city.
 - e) In the future, the reality is that our boundaries will continue to change through orderly annexation agreements, be it with Spring Lake, Credit River or Sand Creek townships.
 - f) Other cities are doing the same, consistent with the county's 2030 comp plan which anticipates annexations. Shakopee is looking to Jackson Township with annexation in

mind, Savage to Credit River Township, Jordan to St. Lawrence Township, and so on down the line.

- 7) Like Prior Lake, Shakopee, Savage and every other city in the county, the SMSC has been and will continue to grow in the years ahead. Much has been said of our decision to withdraw opposition to the SMSC's fee-to-trust application for 106 acres in our community.
- a) Let me begin by saying that the easy thing for us to have done on Dec. 5 was not what we did on Dec. 5. We could have simply stayed on the course of Shakopee and Scott County in opposing the fee-to-trust application.
 - b) But we did not. As mayor, it is my responsibility to lead, and to do what is in the best interest of our city. We must not lose sight of the fact that the core of the SMSC lies within the geographical boundaries of Prior Lake, and our 2030 Vision states that we are proud to be home of the SMSC and its various enterprises.
 - c) I ask you this: What would have been the cost of continuing to do the easy thing and clinging to the status quo that existed before Dec. 5?
 - i) More entrenchment.
 - ii) More anxiety.
 - iii) Continuing hostilities ... simmering to begin with, further strained by mention of toll roads, now playing out in papers in letters to the editor, commentaries.
 - iv) So what did we do? We looked at the totality of documents – theirs, ours and Scott County's – and we agreed that it was time to end to our opposition to the tribe's request for those 106 acres – which represents just 1/8 of the tribe's total trust application.
 - v) Why did we do it? Because we view the SMSC as partners, rather than adversaries, and partners work together for the mutual benefit of all parties.
 - vi) I want to share some examples of what the SMSC means to Scott County and Prior Lake. Mystic Lake is the tribe's largest holding. Mystic Lake has 4,500 employees, which includes 1,400 living in Scott County, of which 400 live in Prior Lake. In 2005, its payroll approached \$50 million. Mystic Lake employees who live in Scott County paid several million dollars in property taxes last year. Mystic Lake made payments to Scott County vendors in the vicinity of \$3 million in 2005.

- vii) Why would we want to have a conflict with our largest employer? And doesn't this indicate the importance of Mystic Lake and the SMSC to Scott County and Prior Lake? Simply put, we have too much to gain by working with the tribe, and too much to lose by working against them.
- viii) Just like Prior Lake and Shakopee, the SMSC is growing in size and has needs. When their trust application was filed, there were 299 enrolled members. Today there are 387.
- ix) Let's look at the land. Is it owned by a developer? Or is it owned by the SMSC? It is owned by the SMSC. Under no circumstances was it going to be sold, rendering any estimates of what the land might have been worth in private hands irrelevant in terms of development fees and taxes. The loss in taxes to the City of Prior Lake is about \$2,000 per year.
- x) Let's talk about development fees. Some say the residents of Prior Lake will have to pay for infrastructure demands of the tribe. This is not a factual statement. The U.S. Court of Appeals ruled in 1985 that we need to provide services to the SMSC just as we provide services to other parts of our city. Developers pay for their own infrastructure development. The tribe pays for its own infrastructure development and has for many years.
- xi) I am proud that our relationship with the SMSC has withstood the strains of our opposition to their trust application. The SMSC makes a payment to the City of Prior Lake each year for police services. They don't do that for either Scott County or the City of Shakopee, and they aren't required to do so for us either. For 2006, they provided us with \$360,000. The same is scheduled for 2007.
- xii) The SMSC asked us to participate in their Wastewater Treatment Facility, a kind gesture which we could not act upon due to Met Council's requirements. Additionally, our city has an interconnect water agreement with the SMSC in which we share water with one another when it's needed the most.
- xiii) As we look to the future, we are hopeful that the SMSC and Scott County will work together with us in the reconstruction of County Road 82 and the expansion of County Road 21, both of which our residents rely on extensively.

- xiv) Does this decision obligate our city to support future trust applications from the tribe? No. This and future councils will have the option of weighing in on those matters as they come up.
- xv) Now let's talk about the process ... I am not pleased with the process. I wish it would have been brought up before the second-to-last meeting of the year. I wish we would have spoken beforehand with Commissioner Barbara Marschall, Mayor John Schmitt and County Administrator David Unmacht. We erred in the process, I feel badly about that and apologize.
- xvi) But I remain steadfast in my belief that it was the right decision for the SMSC and the right thing to do for the City of Prior Lake.
- xvii) Again, we have too much to gain from having a positive relationship with the tribe, and too much to lose by having a negative relationship with them.
- xviii) One final note and it's a positive one. Chairman Stanley Crooks has issued an invitation to myself, Shakopee Mayor John Schmitt and Scott County Board Chair Jon Ulrich to come together to discuss issues of mutual interest and to begin to build a bridge to the future.
- xix) I accept that invitation and look forward to the start of a new chapter. City Manager Frank Boyles is working with tribal officials to set up a meeting within the next 10 days. The critical thing is that each one of us – the city of Prior Lake, the tribal community, the city of Shakopee and Scott County – approach these discussions with open minds, a spirit of cooperation ... and trust. Only then will these discussions be successful.

8) With these changing boundaries will come additional expectations from our residents in the areas of infrastructure, roads, parks, trails and natural areas.

9) We've come a long way since 2000. We have invested in our community, and we've done it in a fiscally responsible manner.

- a) 4 new wells (2 now under construction)
- b) 17 lift station rebuilds
- c) 8.3 street improvement miles

- d) Revitalization of our downtown environment
- e) 12 downtown façade improvements
- f) Completion of Village Lake Drive and South Lake Village
- g) 9 neighborhood parks completed
- h) 1 walking bridge
- i) 10 miles of trails
- j) 39 acres acquired for park purposes.
- k) Negotiated donation of 1 acre of Jeffers Pond for satellite fire station
- l) Negotiated with developer for 15 acres for Jeffers Pond elementary school
- m) 24 acres of natural preserve in Jeffers Pond.
- n) Skate park completed
- o) 1 community park completed (Ryan Park)

10) The best news of all is that we have accomplished all of this while continuing a commitment to fiscal responsibility.

- a) Moody's Investor Service has twice upgraded our bond rating in the past four years, which is a reflection of its high regard for our fiscal practices. Only 24 of the state's 854 cities have higher bond ratings than ours – and that's a big win for our residents!
- b) Our city's tax rate, once second highest in the county, is now second lowest.
- c) From 2002 to 2006, our tax increases have averaged 3.5%.
- d) And we have fallen in three of the past four years in a comparison of city tax rates done by the Taxpayer's League. Consistently in the top 10 in the late 1990s, in 2005, our city ranked 45th.

11) The question we need to ask ourselves today is, what can we do to preserve and enhance the quality of life and community pride our residents enjoy today and in the future.

- a) Where do we go and how do we get there?
- b) For that direction, we lean on our 2030 Vision and Strategic Plan.
- c) Besides the nine defined vision elements, the cornerstone of the 2030 Vision is relationships. From those relationships, partnerships are developed – with the business community, the school district, SMSC, Scott County and individual residents.

12) So what do we need to do today, from an infrastructure perspective, to enhance our quality of life and community pride?

- a) The new police station and city hall are under construction, and the project is progressing well. These buildings will be an incredible asset for our city when they open in fourth quarter of this year. The financial impact was built into the 2006 budget.
- b) Fire calls were up 21 percent last year. For the benefit of our community and those residents living north and west of our lakes, we **MUST** put a satellite fire station on that side of the lake. While still among the best in the metro area, the response times of our department are impacted by the lake. A site has been identified on the Jeffers Pond site, and we are optimistic about moving forward in 2006.
- c) As for water, two wells now under construction, and a third is in development. And as much as any mayor hates to admit it, we do have parts of town where the water is brown, where it smells, and where it doesn't taste very good. We need to do something about that key component of quality of life. A committee has been formed to guide the completion of a water treatment facility that will substantially improve the quality of our water in the city with the removal of iron and manganese. It will result in no increase in property taxes. The cost will be paid through water rates adjusted at the start of 2005 in anticipation of this project. As a result of those adjustments, higher-end users are charged a higher rate than lower-end users. And that, in turn, encourages conservation.
- d) In parks and trails, we must choose and choose wisely where we invest our limited dollars. That's the rationale behind a cooperative effort involving ourselves, Savage and ISD 719 known as the PAR Task Force, which will be coming forward with recommendations later this spring. Recognize, the vast majority of our community residents our park, athletic and recreation facilities – be they active or natural areas.
- e) In roads, the \$17 million CR 82 project is on the books for 2006. It is top priority for our city and we are working hard to ensure that it proceeds – but it is not going to be possible without the cooperation of the SMSC and Scott County.

13) These are all investments that we, as a community, are making in our future. If you are not moving forward, you're moving backward, and at this stage of our development, we cannot

afford to move backward. If we allow that to happen, it will cost us immeasurably in the future.

- 14) There are many other exciting developments and initiatives emerging as we begin 2006.
 - a) We will strive to bring more people into leadership roles in our city through our various advisory bodies and task forces. At Councilman Steve Millar's urging, I believe I can safely say that we will later tonight establish a Communications Advisory Committee to explore creating better two-way communication between ourselves as a city and you our customers. A key part of that communication is effective customer service, which will also be a focus of the advisory committee.
 - b) Economic development will continue to be a priority moving forward. It is obvious to everyone that one of the benefits of increased economic development is the increased tax revenue that it generates. But just as important is the fact that further economic development will create opportunities for more people to find work closer to their homes, which in turn will continue to develop the civic pride in our community.
 - c) Some wonderful things loom on the horizon in economic development, such as the mixed-use development at Main & Hastings, the new Premiere Dance Academy studio, and the further development of Deerfield Industrial Park and the commercial component of the Jeffers Pond development at CR 42 and 21. We are excited about the Jeffers Pond development for other reasons as well, as it will be the site of a new elementary school and satellite fire station – all while retaining the majority of the natural elements found today in the Jeffers Pond development.
 - d) Just moments ago, we were shown a concept plan for a potential mixed use development at the intersection of county roads 42 and 18. As a council, we will do everything in our power to ensure the quality of this development while also retaining the beautiful natural terrain of this site.
 - e) And we will continue to place an emphasis on people and partnerships. Through SCALE, there will hopefully one day be a regional public safety training facility located directly north of Jordan. This facility would be used by our firefighters, police officers, and public works employees for training purposes, and we are working hard to garner

the support of the legislature for this important project. Without SCALE and the partnerships that have emerged from it, none of this would have been possible.

- 15) Finally, we recently lost three tremendous public servants in Joe Zieska, Jim Petersen and Bryan Fleming. Gentlemen, you can take pride in your service to this city and the progress this city made in a few short years. In 20 years, the residents of this city will owe you a debt of gratitude.
- 16) Turning the page, this is the third time that this City Council has gathered as one to do the business of the city. If the first two meetings are any indication, I am extremely optimistic about the future. I continue to be impressed by the caliber of people who volunteer to fulfill these difficult positions.
- 17) In Cheri Dornbush, Steve Millar and Warren Erickson, this council gained three qualified voices who bring a diversity of opinions and fresh perspectives on the issues facing us, and I look forward to working with each of them.
- 18) As we move forward, we recognize that we, as a city council, will not always agree. That's OK. Nor will you, as residents and business owners, always agree with the actions that we take while we're in the leadership posts. And that's OK.
- 19) But what we all have in common is a shared desire to move Prior Lake forward, to make it a better place, to preserve our rich heritage and our small-town values, and to build a city that our children, their children, and their grandchildren will be proud to call home. In short, a place where the quality of life and community pride is second to none.
- 20) That is the challenge, and with your help, I am confident that we will meet it!
- 21) Thank you city council, city staff, and residents of Prior Lake for your attention tonight, and may God bless each of you and the City of Prior Lake...a wonderful place to call home.