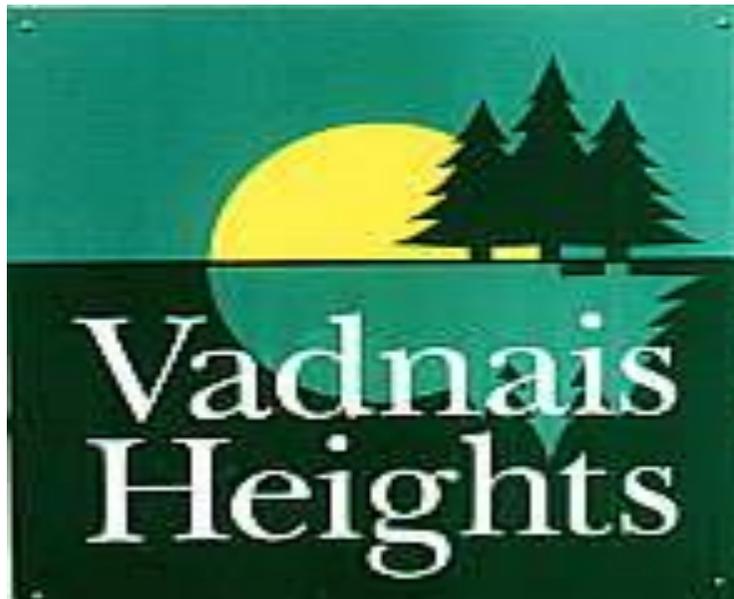

THE CITY OF VADNAIS HEIGHTS STRATEGIC PLAN

December 2013



CRAIGRAPP, LLC
IMPROVING ORGANIZATIONS & THE PEOPLE WHO LEAD THEM

CHICAGO: 40 East Chicago Avenue #340, Chicago, IL 60611 • MINNEAPOLIS: 3208 West Lake Street #142, Minneapolis, MN 55416
TOLL FREE: 800-550-0692 • craig@craigrapp.com

CRAIGRAPP, LLC
IMPROVING ORGANIZATIONS & THE PEOPLE WHO LEAD THEM

January 13, 2013

RE: 2014-2016 Strategic Plan- City of Vadnais Heights

Dear Mayor Johannsen,

I am pleased to present the 2014-2016 Strategic Plan and Summary Report to the City of Vadnais Heights. The plan reflects the organization's commitment to strategic thinking, measurable results and the delivery of quality services.

You, the City Council and senior management is to be commended for your hard work and dedicated effort. I am pleased to have been part of your process.

I also want to thank City Administrator Kevin Watson for his assistance and support during the process.

Yours truly,

A handwritten signature in black ink, appearing to read 'Craig Rapp', written in a cursive style.

Craig R. Rapp
President

Executive Summary

On December 13 and 14, 2013, and January 9, 2014, the City of Vadnais Heights engaged in a strategic planning process with the assistance of the Craig Rapp LLC. The three meetings yielded a draft strategic plan for the three-year period 2014-1016.

The strategic plan consists of a set of four *strategic priorities*, which are the highest priority issues for the next three years; a series of *key outcome indicators*, which describe desired outcomes and success measures; and a list of *strategic initiatives*, which define the actions that will be taken to ensure successful effort.

At the initial session, held December 13, the group conducted a review of their operating environment (an environmental scan) and identified a range of challenges confronting the City. Using this information, the group determined the four most important strategic priorities for the performance period covering 2014-16.

On December 14, the group developed a set of key outcome indicators for each priority, and on January 9, the senior management team met and established a set of strategic initiatives with accompanying action plans.

The strategic priorities, key outcome indicators and strategic initiatives are summarized on the following page:

City of Vadnais Heights- Strategic Plan Summary 2014-16

Strategic Priority	Key Outcome Indicators (KOI's)	Measure	Target	Strategic Initiatives
Economic Development GROWTH	New development-Goff properties	Development agreements	Executed agreements for both Goff properties –consistent w/ City Center plans by 12/31/16	a) Establish development plan for NE quadrant b) Create a staffing and resource plan for economic development c) Adopt city-wide economic development plan d) Review/ modernize codes to support econ dev & redevelopment e) Establish an economic development subsidy policy
	Tax Base growth	C/I market value	\$3M in new C/I mkt. value by 12/31/16	
	Job Growth	Jobs/subsidy		
Redevelopment MAINTENANCE	County Rd. E corridor	Targeted properties	2 of 3 targeted properties converted to highest/best use by 12/31/16	a) Develop a redevelopment and subsidy plan Cty Rd. E corridor b) Define vision -61/694/Buerkle c) Review/modernize codes to support econ dev & redevelopment d) Review/update -Housing strategy in Comp Plan e) Review and inventory housing conditions city-wide f) Research options- housing rehab
	Hwy. 61/694/Buerkle Rd.	Redevelopment plan	Adopted redevelopment plan by 12/31/16	
	Housing	Homes rehabilitated	20 homes rehabilitated consistent w/ housing strategy by 12/31/16	
Long-term Planning FINANCE	Financial resources	Financial planning	Comprehensive long-term financial plan in place by 12/31/14	a) Conduct building and facilities inventory and forecasts b) Develop recommendations on dedicated funding sources c) Research alt. revenue sources d) Create long-term operating expenditure forecasts e) Develop a consistent framework for operating and capital planning
	Capital resources	Capital Financing	5 yr. CIP w/ funding plan adopted by 12/31/14	
	City Assets	Asset maintenance	Long-term asset management plan adopted by 7/1/15	
Service Delivery OPERATIONS	Core Services	Service Levels	Service levels approved for PW, Parks, Fire, Admin, Police/Sheriff by 12/31/15	a) Identify core services b) Document standard operating procedures - core services c) Standardize review process - contract services d) Establish benchmark comparables for core services e) Review committee structure f) Formalize agenda review process
	Contract Services	Standards	Completed reviews of all contract services by 12/31/16	
	Decision-making	Council-staff process	Adopt Council-staff decision process standards -12/31/14	

City of Vadnais Heights Strategic Planning Process

Overview

Strategic planning is a process that helps leaders examine the current state of the organization, determine a desired future state, establish priorities, and define a set of actions to achieve specific outcomes. The process followed by the City was designed to answer four key questions: (1) Where are we now? (2) Where are we going? (3) How will we get there? (4) What will we do?

Organizational Culture and Value Proposition

An organization's culture, and the value proposition it puts forth provide the foundation for how services are delivered and strategic direction is set. Studies have determined that there are four core cultures and three value propositions common to all organizations. City organizations, like all organizations, must address culture and value proposition if they are to be successful, and perform at a high level.

Culture underpins how an organization operates, or "how things get done". It's the pattern of relationships, the system of rewards, and consciously or unconsciously- the organization's reality.

Value proposition is how an organization presents itself to its citizens, customers and stakeholders- and specifically, how it provides services. Value proposition is how the organization distinguishes itself. The consumer/citizen determines the value of a service; therefore the city focuses on fulfilling its "value promise".

While organizations may have different value propositions within their operations, the highest performing, and most successful, define a primary value proposition and work diligently to align their culture with that value system. Focusing on more than one, or trying to be all things to all people creates excess managerial complexity, making it difficult to make decisions, resolve conflicts and set clear priorities.

The four core cultures and three value propositions presented to the Vadnais Heights leadership team, are summarized below:

Four Core Cultures

Control Culture (Military - command and control)

Strengths: Systematic, clear, conservative

Weaknesses: Inflexible, compliance more important than innovation

Competence Culture (Research Lab – best and brightest)

Strengths: Results oriented, efficient, systematic

Weaknesses: Values can be ignored, human element missing, over planning

Collaboration Culture (Family-teams)

Strengths: Manages diversity well, versatile, talented

Weaknesses: Decisions take longer, group think, short-term oriented

Cultivation Culture (Non-profit/religious group-mission/values)

Strengths: Creative, socially responsible, consensus oriented

Weaknesses: Lacks focus, judgmental, lack of control

Three Value Propositions

Operational Excellence (Walmart, Southwest Airlines)

- ❑ They adjust to us (command and control)

Product/Service Leadership (Apple, Google)

- ❑ They ‘ooh and ‘ah’ over our products/services (competence)

Customer Intimacy (Nordstrom, Ritz-Carlton)

- ❑ We get to know them and solve their problems/satisfy their needs (collaborative)

The group discussed their perspectives on organizational culture. Based upon the discussion, it was speculated that the organization was likely a Control Culture, but that there was a great deal of collaboration throughout the organization to get the job done. Jointly, they determined that moving toward a collaboration culture would best fit their on-going needs.

The group engaged in a lively discussion regarding the organization’s value proposition. In general, they agreed that historically they have provided “high touch/high quality” service delivery, which is a Customer Intimate value proposition. There was a great deal of discussion however regarding the necessity of certain types or levels of service delivery. After a lengthy discussion, the group generally agreed that they wanted to continue to provide a Customer Intimate value proposition, but that a continued discussion would be in order to finalize this determination.

The group agreed to continue this discussion-in conjunction with work refining the strategic plan and implementing and adhering to community values.

Reviewing the Environment, setting Strategic Priorities

The first step taken in the strategy process was an assessment of the City’s operating environment. This was done via a SWOT (Strengths, Weaknesses, Opportunities, Threats) analysis- a process that examines the organization’s internal strengths and weaknesses, as well as the opportunities and threats in the external environment. To facilitate this, a SWOT questionnaire was distributed to the Council and senior staff in advance of the first planning session. The SWOT process revealed the most frequently mentioned characteristics in each area:

STRENGTHS

- Great place to live, work and shop
- Responsive to residents and businesses
- Reasonable taxes-cost to live here
- Excellent team-staff and Council

WEAKNESSES

- Lack of management direction in economic development and planning function
- Divided Council may lead to unclear vision and direction
- Lean staff impacts ability to be proactive, typically reactive
- Maintenance and use plan for city assess (buildings, streets, parks, etc.)

- Limited dollars for capital

OPPORTUNITIES

- Economic development
 - Housing-redevelopment and infill
 - Business
 - Financial assistance
- Maintain tax base
- Services
 - Improve
 - Reduce cost

THREATS

- Losing business, having them move out
- Inability to attract major corporations or retailers
- Vacant businesses
- Declining market values and more low value houses
- Continually depleting savings (reserves) not levying enough
- Most land is developed, many need to start redevelopment

The group then engaged in an exercise using the summarized SWOT data. They compared strengths with opportunities and weaknesses with threats, to determine which opportunities would maximize strengths, and which weaknesses would be exacerbated by the threats. This effort helped to crystalize the current challenges and opportunities facing the community. The analysis is shown below:

STRENGTHS-OPPORTUNITIES (Make good things happen)

- Maximize tax base
- Redevelop and In-fill housing
- Improve service and reduce costs

WEAKNESSES-THREATS (Keep bad things from happening)

- Vacant businesses/businesses moving out/inability to attract
- Continually depleting savings/not levying enough
- Housing-need to redevelop

Once the current challenges and opportunities were identified, the group discussed the issues that were most important over the next three years. From that discussion, a set of four Strategic Priorities was established.

The **Strategic Priorities** –including statements clarifying their meaning are:

1. Economic Development

⇒ *Proactive, Partner, Incentives, Business friendly, Evidence/Analysis-based decision-making, Livable wage jobs, Housing, Recruit/expand/retain, Integrate with VHEDC*

2. Redevelopment

⇒ *Identification of blight, Focused action, Maintenance of existing properties, Coordination with property owners, Targeted effort, Housing*

3. Long-term Planning

⇒ *Basic systems- Sewer, Water, Storm Sewer, Financial plans, Facilities, Financing needs*

4. Service Delivery

⇒ *Cost-effective operations, Levels of service, citizen/stakeholder satisfaction, Meeting needs/expectations, Data/evidence driven decisions*

Determining Success- Defining the Key Outcome Indicators

After identifying strategic priorities, the group focused on developing a set of Key Outcome Indicators (KOI's). KOI's define what success looks like and includes a description of successful outcomes, with associated measures and targets.

The KOI's provide organizational focus by establishing a limited set of desired outcomes, performance targets, and deadlines for achievement for each strategic priority. The alignment created between KOI's and Strategic Priorities is important, not only for clarity, but for maintaining disciplined focus on the desired results.

Key Outcome Indicators, by priority are:

1. Economic Development

- a. Goff Properties
- b. Tax Base
- c. Job Growth

2. Redevelopment

- a. County Rd. E corridor

- b. Hwy 61/694/Buerkle Rd area
- c. Housing

3. *Long-term Planning*

- a. Financial resources
- b. Capital resources
- c. City Assets

4. *Service Delivery*

- a. Core services
- b. Contract services
- c. Decision-making

Detailed measures and targets connected to each KOI are listed in the strategic planning summary on page 2.

Implementing the Vision- Developing Strategic Initiatives and Action Plans

To successfully address the strategic priorities and achieve the intended outcomes expressed in the KOI's, it is necessary to have a focused set of actions, including detailed implementation steps to guide organizational effort. The City of Vadnais Heights accomplished this through development of strategic initiatives for each priority. Strategic initiatives are broadly described, but narrowly focused activities that are aligned with the priorities, and targeted to the achievement of outcomes expressed in the KOI's.

The leadership group, during a strategic planning session on January 9, developed a set of strategic initiatives, which are listed below. Detailed action steps associated with each initiative will be developed by staff and approved by the Council in a subsequent session(s):

1. *Economic Development*

- a. Establish a development plan for the northeast quadrant
- b. Create a staffing and resource plan for economic development
- c. Adopt a city-wide economic development plan
- d. Review and modernize codes to support economic development and redevelopment
- e. Establish an economic development subsidy policy (this may be a tactic under "c" above)

2. *Redevelopment*

- a. Develop a redevelopment and subsidy plan for the County Rd. E corridor
- b. Define a vision for the 61/694/Buerkle area
- c. Review and modernize codes to support economic development and redevelopment
- d. Review and update as needed-Housing strategy in the Comprehensive Plan
- e. Review and inventory housing conditions city-wide
- f. Research options for assisting housing rehabilitation

3. *Long-term Planning*

- a. Conduct building and facilities inventory and forecasts
- b. Develop recommendations on dedicated funding sources
- c. Research alternative revenue sources
- d. Create long-term operating expenditure forecasts
- e. Develop a consistent framework for operating and capital planning

4. *Service Delivery*

- a. Identify core services
- b. Document standard operating procedures in core services
- c. Standardize review process for contract services
- d. Establish benchmark comparables for core services
- e. Review committee structure
- f. Formalize agenda review process

Strategic Planning Participants

The strategic plan was developed with the hard work and dedication of many individuals. The City Council led the way, taking many hours out their schedules to commit to long-term thinking and define a direction and a set of outcomes that are important to the community. The City Administrator and senior staff all spent time engaged in new ways of thinking to come up with a set of plans that will help the Council successfully measure and achieve the outcomes they defined.

Elected Officials

Mayor

Marc Johannsen

Councilmember

Joe Murphy

Councilmember

Jerry Auge

Councilmember

Terry Nyblom

Councilmember

Craig Johnson

City Administration-Department Staff

City Administrator

Kevin Watson

Assistant City Administrator

Kathy Keefe

City Engineer

Mark Graham

Fire Chief

Ed Leier

Finance Director

Bob Sundberg