



By Joe Wicklund
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For Kevin Orme, work during the pandemic has been unprecedented and totally normal, at the same time.

"It's been a year unlike any other in our lifetimes, as we continue normal, annual, cyclical work," Hermantown's Director of Finance and Administration said. "We continue this while the economic landscape changes often and we have been quickly forced into remote work and socially-distanced work due to the pandemic."

Orme has dealt with all the unexpected variations that COVID-19 has thrown at all communities across Minnesota. At the very same time efforts that Orme, additional city staff, and Hermantown's elected officials put into place in 2019 to aid in strategic long-term planning have been successfully called into use to combat the unparalleled impact – especially the City's Financial Management Plan (FMP).

"Our FMP is a wonderful tool to help insure the long-term success of the City," Orme said. "This year, with the pandemic, has quickly taught us that the FMP is a fluid plan, and changes to it can not only be necessary in the short term, but also positive in the long term."

Hermantown's elected officials and city staff knew that to accomplish several key resident-desired community outcomes, such as improved roads and parks, along with greater recreation opportunities, a multi-year, multi-layer planning approach would be required.

"We have always had an eye to the future for the City of Hermantown, but we had not always mapped out how critical projects meshed together to be able to be successfully executed collectively over time," John Mulder, Hermantown's City Administrator said. "The fact that we had put in the effort to design a strong, thoughtful, flexible financial plan to serve the city one year before the pandemic certainly was helpful in our most recent choices."

Timing, alone, isn't everything. Execution of plans is still critical to success, and early returns have been positive for Hermantown.

“Every city has been affected by COVID-19, but we’ve discovered that Hermantown is less impacted than some cities due to our past planning, past approaches, and our ability to be nimble,” Orme said. “Now, by being proactive and making some difficult choices early on, we plan on continuing to be well positioned for long-term success.”

The difficult choices were able to come in two phases; the initial round featured a more worse-case scenario, followed by a preferred set of outcomes that featured less painful choices. Among city staff, the process was referred to as “cuts” and “uncuts.”

“We knew early on we couldn’t continue business as usual or exactly how we had planned before the pandemic,” Paul Senst, Hermantown’s Public Works Director said. “We made a lot of hard choices early, but as information started to come in we were able to put some pieces back into play and allow for some improved scenarios across the city.”

For Senst, some of the initial plans included significant changes to how the Public Works Department would serve residents, trimming closer to a basic-services, emergency-only level. As the situation evolved, it was determined that a pause on some planned capital equipment purchases and a hiring freeze that eliminated summer help was all that was initially needed.

“We were able to pivot quickly from a plan that had us entirely cutting dust treatment for our gravel roads to a plan that features considerably less mowing than we usually accomplish in the summer,” Senst said. “Less attention to our parks isn’t ideal and certainly isn’t what we hoped for, but there still has to be some choices made about what can and can’t be done during these tough times.”

The nature of Hermantown’s budgeting calls for a heavy reliance on property taxes. Early predictions coming from St. Louis County had potential shortfalls of up to 20 percent or more in this area for Hermantown. Thus far, it has played out closer to 5 percent.

“Nearly 90 percent of our budget is based on property taxes,” Mulder said. “Because we are not reliant on tourism or other forms of revenue, we have been able to have a clearer picture of how much the pandemic will impact our finances and the subsequent choices we have to make.”

Outside of taller grass in public parks, the impact of the pandemic-related choices hopefully has not been felt by residents too deeply. Contracted services, such as the City Engineer, City Attorney, and City Planner, have been trimmed or eliminated, while planned capital equipment purchases have been paused or changed. City staff continues to monitor the impact of the pandemic and is ready to make further changes, in either a better or more challenging direction, going forward.

“We have been able to continue in our expected and planned direction, but we might not be heading down that road at the same pace as we were moving before,” Mulder said. “We are, of course, far from done dealing with the challenges related to the pandemic, but with the recent work building the FMP and our effective utilization of it, we can be positive that we’ve been able to serve and support Hermantown well during this unprecedented stretch.”

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