Dakota County

General Government and Policy Committee of the Whole

Agenda

Tuesday, November 4, 2025	9:30 AM	Conference Room 3A, Administration Center, Hastings

(or following County Board)

If you wish to speak to an agenda item or an item not on the agenda, please notify the Clerk to the Board via email at CountyAdmin@co.dakota.mn.us
Commissioners may participate in the meeting by interactive technology.

1. Call to Order and Roll Call

Note: Any action taken by this Committee of the Whole constitutes a recommendation to the County Board.

2. Audience

Anyone in the audience wishing to address the Committee on an item not on the agenda or an item on the consent agenda may come forward at this time. Comments are limited to five minutes.

3. Approval of Agenda (Additions/Corrections/Deletions)

3.1 Approval of Agenda (Additions/Corrections/Deletions)

CONSENT AGENDA

4. County Administration - Approval of Minutes

4.1 Approval of Minutes of Meeting Held on October 21, 2025

5. County Board/County Administration

5.1 *Human Resources* - Adoption Of 2026 Merit Compensation Policy And Plan Provisions

5.2 *Human Resources* - Adoption Of 2026 Unclassified Employees Merit Compensation Policy And Plan

REGULAR AGENDA

6. County Board/County Administration

6.1 *Communications and Public Affairs* - Update And Introductions From Metropolitan Council

7. Central Operations

7.1 *Office of Performance and Analysis (OPA)* - Discussion Of Updated Demographic-Economic Trends And Forecast And The Program And Service Inventory

7.2 *Finance* - Environmental Legacy Fund Overview

8. County Manager/Deputy/Director's Report

9. Future Agenda Items

10. Adjournment

10.1 Adjournment

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https://www.co.dakota.mn.us/Government/BoardMeetings/Pages/default.aspx
Public Comment can be sent to CountyAdmin@co.dakota.mn.us

General Government and Policy Committee of the Whole

Request for Board Action

Item Number: DC-5038 **Agenda #:** 3.1 **Meeting Date:** 11/4/2025

Approval of Agenda (Additions/Corrections/Deletions)

General Government and Policy Committee of the Whole

Request for Board Action

Item Number: DC-5039	**Agenda #:** 4.1	**Meeting Date:** 11/4/2025

Approval of Minutes of Meeting Held on October 21, 2025

Dakota County

General Government and Policy Committee of the Whole

Minutes

Tuesday, October 21, 2025	9:30 AM	Conference Room 3A, Administration Center, Hastings

(or following County Board)

1. Call to Order and Roll Call

The meeting was called to order by Commissioner Workman at 10:25 a.m.

Present
Commissioner Mike Slavik
Commissioner Joe Atkins
Commissioner Laurie Halverson
Commissioner William Droste
Commissioner Liz Workman
Commissioner Mary Liz Holberg
Commissioner Mary Hamann-Roland

Commissioner Atkins attended the meeting remotely via interactive technology.

Also in attendance were Heidi Welsch, County Manager; Tom Donely, First Assistant County Attorney; and Jeni Reynolds, Sr. Administrative Coordinator to the Board.

The audio recording of this meeting is available upon request.

2. Audience

Chair Workman noted that all public comments can be sent to CountyAdmin@co.dakota.mn.us
No comments were received for this agenda.

3. Approval of Agenda (Additions/Corrections/Deletions)

3.1 Approval of Agenda (Additions/Corrections/Deletions)

Motion: Mary Hamann-Roland — Second: Laurie Halverson

Ayes: 7

CONSENT AGENDA

On a motion by Commissioner Slavik, seconded by Commissioner Droste, the Consent agenda was approved as follows:

4. County Administration - Approval of Minutes

4.1 Approval of Minutes of Meeting Held on October 7, 2025

Motion: Mike Slavik Second: William Droste

Ayes: 7

REGULAR AGENDA

5. County Board/County Administration

5.1 Legislative Update

Communications and Public Affairs Director Mary Beth Schubert briefed this item and responded to questions. Committee members reviewed the legislative platform and 2026 policy priorities as well as the legislative timeline. This item was on the agenda for informational purposes only.

Information only; no action requested.

6. County Manager/Deputy/Director's Report

County Manager Heidi Welsch gave a brief budget/finance overview.

7. Future Agenda Items

There was brief discussion held by the committee on the potential for a future tour of local food shelves in the County. Staff will coordinate to schedule.

8. Adjournment

8.1 Adjournment

Motion: Mary Hamann-Roland Second: Laurie Halverson

On a motion by Commissioner Hamann-Roland, seconded by Commissioner Halverson, the meeting was adjourned at 10:34 a.m.

Ayes: 7

Respectfully submitted,
Jeni Reynolds
Sr. Administrative Coordinator to the Board

General Government and Policy Committee of the Whole

Request for Board Action

Item Number: DC-4992 **Agenda #:** 5.1 **Meeting Date:** 11/4/2025

DEPARTMENT: Human Resources

FILE TYPE: Consent Action

TITLE

Adoption Of 2026 Merit Compensation Policy And Plan Provisions

PURPOSE/ACTION REQUESTED

Adopt 2026 Merit Compensation Policy and Plan Provisions.

SUMMARY

Each year the County reviews policies and plans in order to ensure market competitiveness, efficiency and equity in administration, and merit compensation to support Board direction, budget constraints and related management strategies. The proposed 2026 Merit Compensation Policy and Plan (Attachment) is based on the need to provide compensation for employees to reflect market considerations within projected budget limitations and is consistent with compensation direction previously provided by Board for 2026.

The recommended 2026 non-union salary ranges reflect an increase of 4.25 percent above 2025 non-union salary ranges. The merit matrix provides for a combination of 0.0 percent to 8.25 percent base adjustments.

RECOMMENDATION

Staff recommends adoption of the 2026 Merit Compensation Policy and Plan Provisions.

EXPLANATION OF FISCAL/FTE IMPACTS

The estimated cost is included in the County Manager’s recommended 2026 budget.

☐ None ☐ Current budget ☒ Other
☐ Amendment Requested ☐ New FTE(s) requested

RESOLUTION

WHEREAS, market competitive compensation and pay policy administration are essential to effective and efficient government; and

WHEREAS, the 2025 Merit Compensation Policy and Plan provisions should be amended for application in 2026.

NOW, THEREFORE, BE IT RESOLVED, That the Dakota County Board of Commissioners hereby adopts the 2026 Merit Compensation Policy and Plan to include the following provisions:

- Non-union salary ranges increased 4.25 percent above 2025 non-union salary ranges.
- The merit matrix provides for a combination of 0.0 percent to 8.25 percent base adjustments.

; and

BE IT FURTHER RESOLVED, That participating employees' 2026 salaries shall be established in the context of and consistent with these provisions; and

BE IT FURTHER RESOLVED, That the Human Resources Director is hereby authorized to update, edit and amend the 2025 Merit Compensation Policy and Plan for application in 2026.

PREVIOUS BOARD ACTION
None.

ATTACHMENTS
Attachment: 2026 Recommended Merit Compensation Plan

BOARD GOALS
☐ Thriving People ☐ A Healthy Environment with Quality Natural Resources
☐ A Successful Place for Business and Jobs ☒ Excellence in Public Service

CONTACT
Department Head: Andy Benish
Author: Andy Benish

~~2025~~2026

Merit Compensation Policy & Plan

I. INTRODUCTION

The Dakota County philosophy regarding compensation systems and wage and salary administration flows from a belief that all employees are to be provided competitive rewards for achievement. Embodied in this statement are the concepts of output or results-based merit pay in the context of market driven compensation structures. Contained within this broad statement are the County's compensation goals, including 1) attraction and retention of personnel, 2) rewards for excellence, 3) facilitation of compensation equity, 4) equitable distribution of limited County compensation resources, 5) achievement of pay/performance and contribution relationships, 6) possibility of salary differentiation from the highest to the lowest level of performance and contribution, and 7) clear communication of these objectives to all affected employees. The elements of Dakota County's compensation program have been structured to support and advance these objectives.

II. ADMINISTRATIVE GUIDELINES

A. Participation

The provisions of this Plan apply to all Dakota County employees unless specifically addressed in a collective bargaining agreement. All Dakota County employees who are not represented by a collective bargaining unit, or are not participants in the Unclassified Employees' Compensation Plan, will participate in the Dakota County Merit Compensation Plan. New employees will participate immediately upon employment.

B. Plan Update

The Human Resources Director will annually review all aspects of the Plan, including salary ranges and grade structure, salary increase matrixes, and administrative guidelines. Any recommended changes due to internal organization modifications, external market factors, strategic programmatic and administrative considerations, or other relevant issues will be proposed to the County Board in a timely fashion.

III. COMPENSATION PROGRAM ELEMENTS

A. Policy

It is the policy of Dakota County to provide its employees equitable compensation and financial incentives, to the extent permitted by law, to promote attainment of the highest levels of performance and organizational contribution. The County recognizes that compensation policies are a key factor in the County's ability to attract, retain and motivate well-qualified individuals to participate in the achievement of its objectives. Therefore, the Dakota County Merit Compensation Plan is based on the principles of internal and external pay equity and is designed to relate to the extent possible, an individual's salary to performance and contribution to organization results.

B. Salary Structure

The County salary structure (Attachment II) consists of 18 salary grades with a corresponding salary range for each grade. Salary ranges are formulated around a midpoint, and a salary range spread is calculated. Salary ranges are segmented into four quartiles. The structure is midpoint-driven which means the market rate for County positions is approximately the midpoint of the salary ranges. Market rate is defined as what comparison jurisdictions are actually paying employees in comparable positions. Movement beyond the market rate is dependent upon high performance ratings and tenure in position.

Salary ranges are analyzed and may be adjusted each year based on a number of factors including relative changes in the labor market, inflationary measures, budgetary impact as well as fluctuation in the prevalence of certain job skills in the marketplace.

C. Performance Reviews

Supervisors shall conduct one informal interim performance review to occur mid-review cycle and one formal performance review to occur at the conclusion of the employee's performance review cycle**.** The annual formal performance review is used to assess the employee's contribution to organization results, to assess the employee's career growth and development and in years when a compensation increase is available, to determine the employee's eligibility for a merit increase. Performance reviews are assessed based on the performance objectives and competencies approved by Human Resources for the job classification.

The interim review is intended to ensure employees understand how they are performing against established objectives and competencies and provide the opportunity to discuss mutual expectations and make any necessary mid-year corrections. The interim review identifies strengths and areas for improvement. Interim reviews are documented in dated summary memorandum(s) and maintained by the department.

The formal performance review is conducted within 15 days of employees' annual performance review dates. Prior to the conclusion of the evaluation period, employees are expected to complete a self-assessment and to transmit the self-assessment to the appraising supervisor for use in completing their performance review.

Completed performance review documents are signed by the supervisor, the employee and the next higher level of management. The employee's signature indicates that the appraisal has been discussed with the supervisor, but does not necessarily indicate agreement with document content. Employees shall be provided adequate time to review and provide summary comments to the final review document. If an employee refuses to sign the document, it is so noted and the review is processed. Completed performance review documents are retained by Human Resources consistent with the County retention schedule and related policies.

At the discretion of management, a supervisor's salary increase may be delayed until all scheduled performance reviews are completed. The performance review process combines an assessment of objective success measures and position competencies.

Exceptional Performance - is reserved for rare achievements. Employees who receive this level of performance have performed at a level that is well beyond the performance of their top performing peers in a given year. These employees have developed, implemented, or created processes or work results that surpassed all others and brought great value to the County.

Greatly Exceeds Performance Standards - is reserved for a limited number of employees who, in a given year, demonstrate extraordinary performance. This rating may result from especially noteworthy accomplishments and/or exceptional performance during the review period that exemplifies organizational excellence.

Exceeds Performance Standards - is to recognize a pro-active performer. Results of assigned responsibilities consistently meet and frequently exceed baseline expectations. Routinely evaluates priorities and maximizes opportunities for improvement and collaboration; is pro-active and effective in performing for group success, integrating change, learning and sharing information, understanding and sustaining organizational values and objectives; serves as an example of professionalism and excellence.

Meets Performance Standards Performance - is to recognize a reliable, responsive performer. Results of assigned responsibilities meet baseline expectations, regularly or with minimal training or coaching. Takes the steps needed to accomplish tasks, can integrate change as proscribed, complies with group needs while performing individual tasks, and can learn and apply specified information when necessary. Demonstrates conduct appropriate for the workplace and acts consistently within organizational values and objectives.

Below Performance Standards - does not achieve baseline performance expectations due to insufficient skill or effort. Results of some or all assigned responsibilities fail to meet baseline expectations. Frequently requires assistance, coaching or regular oversight to complete basic/routine job responsibilities. May be inconsistent in the demonstrated ability to adapt to change and apply new information to assigned tasks or roles and their performance may slow or damage group productivity, functioning or credibility.

Employees who receive a Below Standards rating will receive formal performance reviews at six-month intervals until documented performance warrants a Fully Meets Standards rating. If after the six-month review the employee receives a Meets Standards or above rating, a six-month merit increase is processed and the next review date is adjusted back to the annual or common review date. Employees who receive multiple or consecutive Below Standards ratings will be subject to disciplinary proceedings, up to and including discharge.

D. Individual Development Plans

As part of the County's formal performance review process, supervisors and employees are encouraged to jointly complete an Individual Development Plan (IDP). Formal discussions of job and career objectives, position enrichment and development may also be included. Development or career objectives should be tied to departmental and County-wide goals.

Completion of an IDP is required if the employee is planning to request tuition reimbursement or if a supervisor has determined that the employee is to complete one.

E. Salary Increase Matrix

The County Merit Matrix is based on the principle that salary range position and performance as reflected in organizational contribution bear a direct relationship and that gravitation toward the market rate (Q2) should occur.

For purposes of the salary increase matrix, salary range position is identified by compa-ratio. This figure represents participants' actual compensation expressed as a percentage of Q2 of the assigned salary range (i.e. compa-ratio of 100.0 = actual compensation at Q2 of the salary range).

The structure of the annual merit matrix (Attachment I) reflects percentage increases based on two dimensions: range position (Quartile 1, 2, 3 & 4) and performance rating. When a merit increase is available, a high performer in a low segment of the salary range may receive a greater base salary increase than an equivalent performer in an upper portion of the salary range. Note that employees whose performance is rated as Below Standards, are in no case eligible for an increase to base salary or a lump sum payment. In no instance will an employee's base salary be increased above the range maximum.

Administering an effective performance-based, market system requires a commitment to truly differentiate performance. There is no expectation that every employee will reach the salary range maximum. Appropriate ratings differentiation is expected. Those employees who perform at higher levels receive greater rewards.

F. Extra Meritorious Award

The Extra Meritorious Award provides up to a 2% lump sum payment of the employee's salary for recognition of special achievements outside the normal expectations of a non-union employee's position. Employees are eligible for an Extra Meritorious Award once per calendar year. Extra Meritorious Awards are approved or disapproved by the County Manager after review and consultation with Human Resources.

G. Promotion

A promotion is defined as the selection of an internal candidate through the competitive recruitment process into a position at a higher salary grade.

At the time of a promotion decision, the affected employee receives a performance review of the time worked in the current position since the most recent performance appraisal. Upon promotion, employees are eligible for an increase to their actual base salary. Internal equity and the employee's appropriate placement within the salary range will be the basis when implementing a promotional salary action. All promotional salary actions require approval by Human Resources.

Employees promoted into a supervisory position will typically not earn less than 90% of the highest paid subordinate employee in the work unit unless unique circumstances exist. All promotional salary increases will be approved by Human Resources and reviewed with the Department Director prior to a promotional job offer being extended.

H. Demotion

a. *Involuntary*

An involuntary demotion is defined as a reassignment from one position to another, which has a lower salary range or classification as a result of a performance-based consequence or other disciplinary procedure. The employee's salary review date will be adjusted to the effective date of the action. The employee's salary is subject to adjustment on a case by case basis as approved by Human Resources.

b. *Voluntary*

A voluntary demotion is defined as the selection of an internal candidate through the competitive process into a position at a lower salary range or classification. The employee's salary review date will be adjusted to the effective date of the action. The employee's salary reduction will generally be no greater than 10% of their base pay per pay grade reduced. Adjustments will be based on internal equity considerations and approved by Human Resources.

c. *Reorganization*

If a demotion is the result of reorganization or unforeseen organization or structure changes and if the affected employee's salary is above the new salary range maximum, the salary is frozen until such time as the salary is within the new salary range.

I. Job Evaluation

Through the County's job evaluation and classification policy, the County ensures that appropriate relationships between classifications and jobs are established and maintained over time through application of a periodic job description review process and reorganization studies when appropriate.

J. Reclassification

A reclassification is defined as movement to another salary grade or classification as a result of approved changes in job duties significantly modifying the position responsibilities. When a position is reclassified to a higher salary grade, employees are eligible for an increase of up to 5% of their actual base salary or placement at the new salary range minimum, whichever is greatest.

Through the periodic job description review process, the County ensures job descriptions are reviewed and updated regularly as changes to services, processes and related job duties occur. When a department plans a substantive structural or work process change they are urged to contact Human Resources to determine if a reorganization review is needed to ensure classification consistency is maintained and the proposed changes are cost neutral.

Positions may be reclassified with no change in salary grade, upward (higher classification/ salary grade); or downward (lower classification/salary grade). If the affected employee's current salary is below the new salary range minimum, the salary is increased to the range minimum. Reclassification downward generally results in no immediate change to the employees' salary. If the employee's salary is above the salary range maximum for the new classification, the salary is frozen until such time as the salary is within the new salary range. When the employee's salary is within the new salary range and in years when a merit opportunity is available, the employee will be eligible on the normal performance review date for a merit increase based upon documented performance rating. Reclassification of a job class does not change the employee's review date or seniority date.

K. Within-Grade Advancement

A series of two positions may be established within the same pay-grade. Both positions in the series will have a position description with the more advanced position indicating the necessary mastery or additional responsibility required for the position. When an employee advances from one position to the next in the series, they are eligible for an up to 3 percent increase of their actual base salary.

L. Working Out of Grade

Out-of-grade pay may be requested whenever an employee is designated by their supervisor to perform all of the duties and responsibilities of a position in a higher salary grade for a period of 10 consecutive work-days or more. Human Resources reviews the proposed out-of-grade request prior to an appointment and approvals shall be limited to a period not to exceed six-months, however extensions may be requested**.** Generally, working out-of-grade is the result of a long-term leave of absence or temporarily vacant position. In such a case and for the duration of the out-of-grade assignment, the employee is eligible for a payment of up to 5% of their actual base salary, or placement at the higher salary range minimum, whichever is greater. The out-of-grade payment will be retroactive to the first day the employee worked in the higher classification and may be paid as an adjustment to the hourly rate or paid in a lump-sum at the conclusion of the out-of-grade assignment. Employees being considered for an out-of-grade assignment must meet the minimum qualifications of the position in the higher classification.

Whenever an employee is directed to temporarily perform most, but not all, of the duties and responsibilities of a position in a higher salary grade as defined above for a period of 10 consecutive work days or more, the employee is eligible for a partial out-of-grade payment of up to 3% of their actual base salary to be paid in a lump-sum as indicated in paragraph one of this section.

If an employee's review date occurs during the time they are working in an out-of-grade assignment, a salary adjustment consistent with the Merit Compensation Plan is computed based upon the employee’s regular position salary rate minus the out-of-grade differential, ~~,~~as defined in this policy or applicable labor contract. The out-of-grade rate is then added to the employee’s new base salary. When the employee returns to their regular position, they are compensated at their regular rate and they no longer receive the temporary payment received for the out-of-grade assignment.

If the employee is promoted to the out-of-grade position, the time since the employee’s last performance review is “closed out” by conducting a performance review for the period in question. The employee then serves a six month probation period. ~~The salary of the promoted employee shall be no less than the rate of pay while serving in the out-of-grade assignment.~~

If a classified employee is temporarily appointed to an unclassified position, these guidelines may be adjusted to fit the circumstances, subject to review by Human Resources.

M. On-Call Compensation

While employees are outside normal work hours but are designated to be on-call they shall be compensated for on-call status at the rate of two dollars ($2.00) per hour for each hour they are designated on-call.

To utilize this provision, a department shall design an on-call plan for approval by Human Resources (ref. Policy 3200). Salary adjustments must be made in the context of the approved plan.

N. <u>Call-Back Pay</u>

An employee called back to work outside of the employee's regular shift shall receive a minimum of two (2) hours pay for such callback. Exempt employees are compensated at the straight time rate and non-exempt employees are compensated at the rate of one and one-half times the normal pay rate. This provision shall not apply to an extension of shift or early report to a regularly scheduled shift.

O. Wage and Salary Guidelines

- *Full Merit Concept*

  All employee base and any lump sum salary actions are provided based solely on the County's Merit Matrix and related guidelines; all base and any lump sum salary actions occur on employees' established annual merit review dates.

- *Merit Matrix*

  The Merit Matrix guidelines provide percentage base and lump-sum increases for each level of performance. The merit increase is a percentage calculated on the Q2 rate of the employee's applicable salary range if the salary is below the Q2 rate and calculated on the employee's base salary if above the Q2 rate.

  For employees below the range maximum and whose base adjustment would result in an increase above the salary range maximum, the salary increase is available only to the range maximum rate. There are no base or lump sum increases beyond the range maximum.

- *Performance Review Date*

  The performance review date has historically been the date on which the employee was last hired, promoted or demoted to a new job classification. Departments are strongly encouraged to move employees to common review dates in order to more equitably evaluate performance across work units. In the year of movement to a common review date an employee's merit increase is prorated from the date of the most recent merit increase. Employees' review dates are adjusted ~~or~~ in the event of <u>a n</u> approved unpaid leaves of absence of 90 days or more. Where departmental common review dates exist, merit increases will be prorated for unpaid leaves of absence of 90 days or more.

- *Effective Dates of Increases*

  Any available pay increases will be effective the first day of the pay period in which the performance review date falls. This effective date will not affect the employee's performance review date.

- <u>Initial Probationary Period</u>

  <u>During an employee's initial twelve-month probationary period, a pay increase equivalent to fifty (50) percent of the available meet standards increase is provided upon successful completion of the first six-months of the initial probationary period. At the completion of the 12-month initial probationary period the first annual review is conducted, 50 percent of the available increase, based on current performance level and merit matrix guidelines, is available.</u>

- *~~Six-Month~~Promotion or Transfer Probationary Performance Reviews*

  ~~[Superseded by adoption of Policy 3160, County Board Resolution No. 24-610 (12/17/2024)]~~

  Six-month *Promotion or Transfer* probationary performance reviews are conducted to determine if the employee has met all the performance requirements of the position. In years when a merit opportunity is available and based on the plan year merit guidelines within which they fall, 50% of the merit increase is provided upon successful completion of the ~~initial~~ *Promotion or Transfer* probationary period. At the conclusion of the first 12 months of work in the job, a second six-month performance review is conducted and depending on available merit guidelines, 50% of the eligible merit increase is provided upon successful performance.

- *Salaries Below the Range Minimum*

  At the beginning of a calendar year, employees compensated at rates less than the minimum of the new salary ranges, will be adjusted to the new range minimum.

- *Increases to Top of Range*

  Increases to Top of Range No employee's salary may exceed the range maximum. In years with an available merit increase opportunity, a base increase may be given up to the maximum. If a full merit increase would result in a salary above the range maximum, the increase will be limited to the salary range maximum. The remainder shall be paid in a lump sum payment, which does not increase the employee's base compensation for the following salary review period.

P. Approval Process

All performance review and salary increase materials and documentation require two levels of approval signatures. Consistent with County policy, individual Divisions/ Departments may require additional approvals. After appropriate Division/Department approval, all review materials are forwarded to Human Resources in advance of the payroll deadline, for final approval and processing.

Q. Market Adjustment

When a market analysis for a specific job class indicates the assigned salary range mid-point deviates, positively or negatively, from the market by more than 10%, the job class may be placed at an established salary grade that most closely corresponds to the applicable market rate. The job class is administered in the context of the adjusted grade. All market adjustments will be re-evaluated on a regular basis.

R. Plan Exceptions

The County Manager may approve exceptions to the Plan. These will generally involve internal and labor market equity considerations or unusual circumstances and will occur only upon the recommendation of the Human Resources Director.

S. Policy Implications

The provisions of this Plan supersede any applicable Dakota County Human Resources Policies and Procedures.

~~2025~~ 2026 Merit Matrix

The Merit Matrix guidelines provide maximum recommended percentage increases for each level of performance and for each of the four salary quartiles. All below Q2 salary actions are a percentage of the Q2 rate. All above Q2 salary actions are a percentage of the employee's base salary.

Salary Range	PERFORMANCE RATING					
	Exceptional Performance		Greatly Exceeds Standards	Exceeds Standards	Meets Standards	Below Standards
Q4	8.25% base		8.25% base	7.25% base	6.25% base	0%
Q3	8.25% base		8.25% base	7.25% base	6.25% base	0%
Q2	8.25% base		8.25% base	7.25% base	6.25% base	0%
Q1	8.25% base		8.25% base	7.25% base	6.25% base	0%

~~2025~~ 2026 DAKOTA COUNTY
PAY EQUITY COMPENSATION STRUCTURE

Grade	Minimum	Q-1	Midpoint	Q-3	Maximum
100	$ 29,691	$ 33,403	$ 37,114	$ 41,754	$ 46,393
101	$ 33,254	$ 37,411	$ 41,568	$ 46,764	$ 51,960
102	$ 37,245	$ 41,901	$ 46,556	$ 52,376	$ 58,195
103	$ 41,714	$ 46,929	$ 52,143	$ 58,661	$ 65,179
104	$ 46,720	$ 52,560	$ 58,400	$ 65,700	$ 73,000
105	$ 52,326	$ 58,867	$ 65,408	$ 73,584	$ 81,760
106	$ 58,606	$ 65,932	$ 73,257	$ 82,414	$ 91,571
107	$ 65,638	$ 73,843	$ 82,048	$ 92,304	$ 102,560
108	$ 73,515	$ 82,705	$ 91,894	$ 103,381	$ 114,868
109	$ 82,337	$ 92,629	$ 102,921	$ 115,786	$ 128,651
110	$ 92,218	$ 103,745	$ 115,272	$ 129,681	$ 144,090
111	$ 103,284	$ 116,195	$ 129,105	$ 145,243	$ 161,381
112	$ 115,678	$ 130,138	$ 144,598	$ 162,673	$ 180,748
113	$ 129,560	$ 145,755	$ 161,950	$ 182,194	$ 202,438
114	$ 145,107	$ 163,246	$ 181,384	$ 204,057	$ 226,730
115	$ 162,520	$ 182,835	$ 203,150	$ 228,544	$ 253,938
116	$ 182,022	$ 204,775	$ 227,528	$ 255,969	$ 284,410
117	$ 203,865	$ 229,348	$ 254,831	$ 286,685	$ 318,539

General Government and Policy Committee of the Whole

Request for Board Action

Item Number: DC-5002 **Agenda #:** 5.2 **Meeting Date:** 11/4/2025

DEPARTMENT: Human Resources

FILE TYPE: Consent Action

TITLE

Adoption Of 2026 Unclassified Employees Merit Compensation Policy And Plan

PURPOSE/ACTION REQUESTED

Adopt the 2026 Unclassified Employees Merit Compensation Policy and Plan.

SUMMARY

Each year the County updates the non-union Merit Compensation Policy and Plan. In the context of, and consistent with this Plan, the County also establishes a Merit Compensation Policy and Plan for unclassified employees. This Plan provides a mechanism for the application of County compensation principles of salaries of appointed Department/Division Heads and the County Manager and defines a process for the establishment of Elected Department Heads' and County Commissioner compensation. A plan document for 2026 is attached.

The proposed 2026 Unclassified Merit Compensation Policy and Plan include an updated Notice of Intent to Decline 2026 Salary Increase (Attachment).

RECOMMENDATION

Staff recommends approval.

EXPLANATION OF FISCAL/FTE IMPACTS

The costs of these provisions are included in the County Manager's recommended 2026 budget.

☐ None ☐ Current budget ☒ Other
☐ Amendment Requested ☐ New FTE(s) requested

RESOLUTION

WHEREAS, market competitive compensation and effective pay policy administration are essential to effective and efficient government; and

WHEREAS, a Dakota County Pay Equity Compensation Structure has been established; and

WHEREAS, the County maintains a process by which Elected Officials' compensation is determined; and

WHEREAS, the Unclassified Employees' Merit Compensation Policy and Plan should be updated for application in 2026.

NOW, THEREFORE, BE IT RESOLVED, That the Dakota County Board of Commissioners hereby adopts, for application in 2026, the 2026 Unclassified Employees' Merit Compensation Policy and Plan:

- the 2026 Pay Equity Compensation Structure recommended to the Board of Commissioners for classified employees, applies to, and is the same for, unclassified employees; and

- the 2026 non-union Merit Matrix provides for five levels of performance with varying merit opportunity based upon performance levels for classified employees is the same and applies to unclassified employees; and

- The non-union 2026 merit matrix and salary ranges are included in the Unclassified Employee Merit Compensation Policy and Plan document for clarity.

; and

BE IT FURTHER RESOLVED, That the participants' calendar or payroll year 2026 salaries shall be established in the context of and consistent with this Plan; and

BE IT FURTHER RESOLVED, That the Human Resources Director is hereby authorized to amend the 2025 Unclassified Employees Merit Compensation Policy and Plan consistent with the above referenced 2026 provisions in Human Resources Policies and Procedures.

PREVIOUS BOARD ACTION
None.

ATTACHMENTS
Attachment: 2026 Unclassified Employees Merit Compensation
Attachment: Notice of Intent to Decline 2026 Salary Increase

BOARD GOALS
☐ Thriving People ☐ A Healthy Environment with Quality Natural Resources
☐ A Successful Place for Business and Jobs ☒ Excellence in Public Service

CONTACT
Department Head: Andy Benish
Author: Andy Benish

~~2025~~2026

Unclassified Employees Merit Compensation Policy & Plan

DAKOTA COUNTY
UNCLASSIFIED EMPLOYEES
MERIT COMPENSATION POLICY & PLAN

I. INTRODUCTION

At the direction of the County Board, the Human Resources Department developed a Compensation Plan for appointed unclassified employees which provides for salary increases based on performance only, provides a structure within which Commissioners and Elected Department Head salaries can be administered absent the performance dimension, and constitutes a framework within which indirect compensation elements could be established. The objective of this Plan is to provide a salary structure which is equitable and competitive and which can reward productivity and effectiveness as well as those performance results that support County, Division and Department purposes and objectives.

To ensure the County's ability to attract and retain qualified individuals for its Unclassified positions, competitive salary ranges are provided consistent with pay equity range structure. The ranges are based on both internal relationships established through job evaluation as well as external market influences.

To ensure that movement within salary ranges is performance based, performance criteria including related standards of performance and annual objectives will be established for each appointed position, consistent with overall County purposes and objectives. Review of results achieved by participants will be provided to appropriate levels of management who will make compensation decisions based on relevant criteria.

Elected Department Heads' and Commissioners' compensation is set by County Board action based on the applicable compensation criteria established in this plan and as provided by law.

II. ADMINISTRATIVE GUIDELINES

A. Participation

Participants in the Unclassified Employees Compensation Plan include all Dakota County positions designated and defined as Unclassified in the Dakota County Personnel Act, but limited to:

- Positions filled by election;
- Positions for which a county or district court judge is the appointing authority;
- Positions designated as department heads and appointed by the County Board or the County Manager;
- Positions designated by the County Board or by law as department heads and filled by a board or commission appointed by the County Board.

Unless otherwise provided for, all new unclassified employees as defined above will participate immediately upon employment.

For the purpose of determining Department Head status with respect to inclusion in this plan, the following criteria drawn from the Minnesota Supreme Court decision, State ex rel. McGinnis, 91 N.W.2d at 163, are provided:

1. Does the employee have charge of the work done by the department?
2. Does the work require technical, professional training?
3. Is the employee the highest authority at that level of government as to the official duties?
4. Does the employee supervise all of the work in the department?
5. Does the success of the department depend on the employee's technique?
6. Are the employees in the department under the employee's direction?
7. Are the employee's duties more than merely different from other employees?
8. Does the employee have the power to hire and fire subordinates?

County Commissioners, the County Attorney and County Sheriff will be compensated in the context of this Plan and will have their compensation set annually by action of the County Board, consistent with applicable compensation criteria and as may be required by law. This process will occur during December of each year.

Nothing in this document is to be construed as a guarantee of employment for any fixed period*; or as a commitment to continue the Unclassified Employees' Compensation Plan for more than one calendar year at a time. Participation in this Plan will be to the exclusion of any other compensation consideration, and all resulting salary actions will be based solely on the processes contained in this Compensation Plan, subject to applicable statutes.

* Elected officials' continued employment is governed by law.

B. Plan Update

The Human Resources Director will annually review all aspects of the Plan. Any recommended changes due to internal organization modifications, external market factors, necessary programmatic and administrative considerations, or other relevant issues will be proposed to the County Board in a timely fashion, for implementation during the next subsequent plan year.

III. PROGRAM ELEMENTS

A. Policy

It is the policy of Dakota County to provide its employees equitable compensation and financial incentives, to the extent permitted by law, to promote attainment of the highest levels of performance and organization contribution. In addition, the County recognizes that compensation policies are a key factor in the County's ability to attract and retain well-qualified individuals to participate in the achievement of its objectives. The Unclassified Employees' Compensation Plan is based on the principles of equitable compensation relationships, and to the extent possible, it is designed to relate individuals' remuneration to performance and relative contribution to the organization.

B. Post Employment Health Care Savings Plan (PEHCSP)

All Non-union employees have since 2003 been required to participate in a Board adopted PEHCSP. Unclassified employees will participate in the Unclassified Employees Post Employment Health Care Savings Plan and Unclassified Employees PEHCSP provisions are incorporated into this Unclassified Employees Merit Compensation Policy & Plan.

C. Position Classification

Appointed positions will be classified using the Decision Band Method of job evaluation. The results of this process will determine the level and corresponding salary grade of each position. When significant changes occur in a position, a review will be conducted consistent with established County job evaluation procedures and, if indicated, assignment to a different salary grade will be made. If a below-range-minimum condition exists, the incumbents' salary will be set at the salary range minimum.

Elected positions will be placed into the salary grade structure based on the Decision Band Method of job evaluation and related, applicable internal/external salary criteria. Resulting midpoints of assigned salary grades will most nearly reflect the prevailing market rates for the respective positions.

D. Job Grade and Salary Range Structure

Job grades form the framework of the compensation structure. The County's compensation structure for unclassified positions includes job salary grades 110-117. These grades represent increasing levels of position responsibility.

Each salary grade consists of a salary range to which positions having generally equal value have been assigned. Salary grades for all job grades have the following characteristics:

1. The range minimum represents the lowest dollar value to the County (as determined by internal and external equity considerations) of any job assigned to that grade.
2. The range maximum represents the highest dollar value of jobs assigned to the range and serves as a salary cost control mechanism.

Each salary range is segmented into four quartiles. The lowest quartile is generally designed for employees who are new in their job or performers with limited expertise who have not yet achieved a fully satisfactory performance level. The second quartile is designed for employees demonstrating fully satisfactory performance in all phases of the job. The third and fourth quartiles are designed to properly compensate employees who perform at higher levels. Salary ranges, midpoint differentials, and range spreads in this structure are based on the Dakota County Merit Compensation Structure.

E. Performance Determination

1. County Commissioners and Elected Department Heads

   County Commissioners, the County Attorney and the County Sheriff will not be subject to the performance analysis/appraisal process.

2. County Manager

   Progression within salary ranges for the County Manager is based on an annual appraisal at the end of each year to determine results against defined performance criteria. The rating of the County Manager's annual performance is the basis for subsequent compensation decisions.

   The County Manager's performance review process involves three key events through the annual review cycle. At the beginning of the year, the County Board and County Senior Leadership team identify the County's Annual Goals for the year. Mid-year, the County Manager and County Board engage in a feedback process to assess mid-year progress and provide informal feedback about the County Manager's performance to date based on the performance appraisal criteria.

   A detailed, formal performance appraisal is conducted by the County Board based on the analysis and materials submitted to substantiate the performance review criteria and a narrative self-review provided by the County Manager to provide context regarding achievements through the annual review cycle. The County Board reviews the completed performance appraisal with the County Manager. Any compensation determination is based on the performance appraisal rating.

   The criteria for the County Manager's performance are based on two key performance elements, goals and core competencies. Dakota County's Annual Board Goals and Annual Priorities provides a comprehensive framework for defining and evaluating organizational outcomes for Dakota County. It provides a report of County outcomes that measure annual accomplishment against benchmark measures. Behaviorally defined Core Competencies, identified by the County Board, are used to assess the personal skills and abilities critical to facilitating the processes needed to manage and conduct the County's business.

3. Appointed Participants (Excluding County Manager)

   For appointed employees, progression within salary ranges will be based on results against identified performance criteria for each participating position. On an annual basis, the extent to which appointed participants have achieved performance expectations will be evaluated. The results of these evaluations will be the basis for compensation decisions. The Dakota County Performance Management system will be used in this process.

   Following the performance review, each appointed participant will develop written performance criteria and annual goals applicable to the function in question, which will be subject to the review and approval of responsible management.

   Appointed participants will produce an analysis of specific results accomplished in the context of the predetermined performance criteria and goals prior to their performance review. This analysis will be provided to the employee's immediate supervisor, who will develop a detailed performance appraisal utilizing the analysis and other materials and information deemed appropriate.

As part of the formal performance appraisal process, appointed employees may be expected to complete an Individual Development Plan (IDP) with their supervisor. Each IDP may contain previously identified areas needing development and corresponding action plans, formal discussions of job and career objectives including current position enrichment, as well as future career expectations. The development areas and career objectives identified should be tied to departmental and county-wide goals.

F. Salary Increase Matrix

This Plan follows the Dakota County Pay Equity Merit Matrix and gravitation toward the range midpoint should occur.

The merit matrix provides recommended percentage increases based on two dimensions: range position (Quartile 1, 2, 3 & 4) and performance rating.

For purposes of the salary increase matrix, salary range position is identified by compa-ratio. This figure represents participants' actual compensation expressed as a percentage of the Q2 of the assigned salary range (i.e. compa-ratio of 100.0 = actual compensation at Q2 of the salary range).

Since Commissioners and Elected Department Heads do not receive performance reviews, the salary increase matrix will apply to those positions only as outlined in Sec. G, 1 & 2. All matrix related compensation considerations are consistent with matrix guidelines contained in the ~~2025~~ 2026 Merit Compensation Plan.

G. Compensation Review

1. County Commissioners

Annual establishment of County Commissioners' compensation will occur following the Unclassified Employees' Compensation Plan update but no later than December 31 of each year. A recommendation of the annual salary of County Commissioners for the next year shall be made by the Human Resources Director and County Manager and shall be based upon consistency with Dakota County's compensation structure for unclassified positions or other metro-area market considerations including, but not limited to, the average rate of increases for all metro-area County Comissioners.

Dakota County Commissioners may file an irrevocable notice to individually reject the proposed yearly increase, in part or in full, by completing and signing a notice of salary increase declination (Attachment I). This form must be returned to the Human Resources Director on or before the date indicated on the form.

2. Elected Department Heads

Annual review and establishment of elected department head compensation will occur following the Unclassified Employees' Compensation Plan update, but not later than December 31 of each year. Unless otherwise established by the County Board, the annual salaries of elected department heads shall be determined based upon the following designated salary ranges under Dakota County's compensation structure:

- County Attorney: salary grade 115
- County Sheriff: salary grade 115

Salaries for elected Department Heads will be calculated by determining the previous years' weighted average performance rating based merit increases of appointed Department and Division Heads and applying the resulting increase percentage to the previously established Elected Department Head salary.

Elected Department Heads are eligible to participate in an employer-funded compensation equivalency account consistent with the Elected Department Head Benefits Parity Plan.

In no event shall an Elected Department Head's base salary exceed the maximum for the designated salary range assigned to the position.

This proposed compensation level will be recommended to the County Board for approval effective January 1.

3. County Manager

Annual review of County Manager's compensation will occur only after a comprehensive performance appraisal. The salary increase matrix will be used as a guide to relate performance to salary range position. Resulting matrix percentages will be applied to the relevant salary range to determine the appropriate annual dollar increase.

Based on the approved performance appraisal, related performance rating and salary increase matrix, the Human Resources Director will compute the specific merit increase. The resulting figure will be applied to the incumbents' compensation, and the sum, will constitute the proposed annual compensation. In no event shall the Manager's base salary exceed the maximum for the designated salary range assigned to the position.

Merit increase recommendations will be forwarded in writing to the County Board for approval, effective January 1.

4. Appointed Participants (Excluding County Manager)

Annual review of appointed participants' compensation will occur only after a comprehensive performance appraisal. The salary increase matrix will be used as a guide to relate performance to salary range position. Resulting matrix percentages will be applied to the relevant salary range to determine the appropriate annual dollar increase.

Based on the approved performance appraisal, related performance rating and salary increase matrix, the Human Resources Director will compute the specific merit increase. It will constitute the proposed annual compensation, subject to the maximum compensation permitted by law.

In no event shall an appointed participant's base salary exceed the maximum for the designated salary range of the position.

Appointed participants' salary levels are normally reviewed annually, but incumbents may receive a performance appraisal and related salary consideration at intervals of less than 12 months. This is to occur only in unusual circumstances.

H. Extra Meritorious Award

The Extra Meritorious Award provides up to a 2% lump sum payment of the employee's salary for recognition of special achievements outside the normal expectations of an employee's position. Extra Meritorious Awards are approved or disapproved by the County Manager after review and consultation with the Human Resources Director.

I. Promotion

A promotion is defined as the selection of an internal candidate through the competitive process into a position at a higher salary grade.

At the time of a promotion decision, the employee is reviewed for time worked in the current position since the most recent performance appraisal. All promotional increases will be approved by Human Resources. Resulting internal equity and the employee's appropriate placement within the salary range are to be considered when implementing a promotional salary action.

J. Demotion

- *Involuntary*

  An involuntary demotion is defined as a reassignment from one position to another, which has a lower salary range or classification as a result of a performance-based consequence or other disciplinary procedure. The employee's salary review date will be adjusted to the effective date of the action. The employee's salary is subject to adjustment on a case-by-case basis as approved by Human Resources.

- *Voluntary*

  A voluntary demotion is defined as the selection of an internal candidate through the competitive process into a position at a lower salary range or classification. The employee's salary review date will be adjusted to the effective date of the action. The employee's salary will be adjusted on a case-by-case basis as approved by Human Resources.

- *Reorganization*

  If a demotion is the result of reorganization or unforeseen organization or structure changes and if the affected employee's salary is above the new salary range maximum, the salary is frozen until such time as the salary is within the new salary range.

K. Working Out of Grade

Out-of-grade pay may be requested whenever a participant is designated to perform the duties and responsibilities of a vacant position in a higher classification. Out-of-grade pay for unclassified positions will be determined on a case-by-case basis. Appropriate compensation will be approved by the County Manager upon recommendation of the Human Resources Director.

L. Market Adjustment

When a specific job class market analysis indicates the assigned salary range midpoint deviates, positively or negatively, from the market by more than 10%, the job class may be placed at an established salary range that most closely corresponds to the applicable market rate. The job class is administered in the context of the adjusted range. All market adjustments will be re-evaluated on an annual basis.

M. Plan Exceptions

The County Manager may approve exceptions to the Plan which do not involve County Manager or elected official compensation. These will generally involve internal and labor market equity considerations or unusual circumstances and will occur only upon the recommendation of the Human Resources Director.

N. Policy Implications

The provisions of this Plan supersede any applicable Dakota County Human Resources Policies or Procedures.

~~2025~~ 2026 Merit Matrix

The Merit Matrix guidelines provide maximum recommended percentage increases for each level of performance and for each of the four salary quartiles. All below Q2 salary actions are a percentage of the Q2 rate. All above Q2 salary actions are a percentage of the employee's base salary.

Salary Range	PERFORMANCE RATING					
	Exceptional Performance		Greatly Exceeds Standards	Exceeds Standards	Meets Standards	Below Standards
Q4	8.25% base		8.25% base	7.25% base	6.25% base	0%
Q3	8.25% base		8.25% base	7.25% base	6.25% base	0%
Q2	8.25% base		8.25% base	7.25% base	6.25% base	0%
Q1	8.25% base		8.25% base	7.25% base	6.25% base	0%

~~2025~~ 2026 DAKOTA COUNTY
PAY EQUITY COMPENSATION STRUCTURE

Grade	Minimum	Q-1	Midpoint	Q-3	Maximum
100	$ 29,691	$ 33,403	$ 37,114	$ 41,754	$ 46,393
101	$ 33,254	$ 37,411	$ 41,568	$ 46,764	$ 51,960
102	$ 37,245	$ 41,901	$ 46,556	$ 52,376	$ 58,195
103	$ 41,714	$ 46,929	$ 52,143	$ 58,661	$ 65,179
104	$ 46,720	$ 52,560	$ 58,400	$ 65,700	$ 73,000
105	$ 52,326	$ 58,867	$ 65,408	$ 73,584	$ 81,760
106	$ 58,606	$ 65,932	$ 73,257	$ 82,414	$ 91,571
107	$ 65,638	$ 73,843	$ 82,048	$ 92,304	$ 102,560
108	$ 73,515	$ 82,705	$ 91,894	$ 103,381	$ 114,868
109	$ 82,337	$ 92,629	$ 102,921	$ 115,786	$ 128,651
110	$ 92,218	$ 103,745	$ 115,272	$ 129,681	$ 144,090
111	$ 103,284	$ 116,195	$ 129,105	$ 145,243	$ 161,381
112	$ 115,678	$ 130,138	$ 144,598	$ 162,673	$ 180,748
113	$ 129,560	$ 145,755	$ 161,950	$ 182,194	$ 202,438
114	$ 145,107	$ 163,246	$ 181,384	$ 204,057	$ 226,730
115	$ 162,520	$ 182,835	$ 203,150	$ 228,544	$ 253,938
116	$ 182,022	$ 204,775	$ 227,528	$ 255,969	$ 284,410
117	$ 203,865	$ 229,348	$ 254,831	$ 286,685	$ 318,539

DAKOTA COUNTY
BOARD OF COMMISSIONERS

Notice of Intent to Decline 2026 Salary

Commissioner:

Decline full 2026 salary increase

☐ I hereby notify Dakota County that I IRREVOCABLY DECLINE to receive the 2026 salary established by the County Board on November 18, 2025 and elect to receive in 2026 the 2025 salary established by the County Board. I understand that this statement must be filed with the Employee Relations Director no later than December 19, 2025.

Decline part of the 2026 salary increase

☐ I hereby notify Dakota County that I IRREVOCABLY DECLINE to receive part of the 2026 salary established by the County Board on November 18, 2025. Rather than the full increase, I elect to receive a _________________% salary increase in 2026. I understand that this statement must be filed with the Employee Relations Director no later than December 19, 2025.

Signature:	Date:

General Government and Policy Committee of the Whole

Request for Board Action

Item Number: DC-5031 **Agenda #:** 6.1 **Meeting Date:** 11/4/2025

DEPARTMENT: Communications and Public Affairs

FILE TYPE: Regular Information

TITLE

Update And Introductions From Metropolitan Council

PURPOSE/ACTION REQUESTED

Update from Metropolitan Council representatives.

SUMMARY

Representatives from Metropolitan Council will be present to provide introductions, council updates, collaborative opportunities and discussion.

RECOMMENDATION

Information only.

EXPLANATION OF FISCAL/FTE IMPACTS

☒ None ☐ Current budget ☐ Other
☐ Amendment Requested ☐ New FTE(s) requested

RESOLUTION

Information only; no action requested.

PREVIOUS BOARD ACTION

None.

ATTACHMENTS

Attachment: Presentation Slides

BOARD GOALS

☐ Thriving People ☐ A Healthy Environment with Quality Natural Resources
☐ A Successful Place for Business and Jobs ☒ Excellence in Public Service

CONTACT

Department Head: Mary Beth Schubert
Author: Mary Beth Schubert

General Government and Policy Committee of the Whole

Request for Board Action

Item Number: DC-5008 | **Agenda #:** 7.1 | **Meeting Date:** 11/4/2025

DEPARTMENT: Office of Performance and Analysis (OPA)

FILE TYPE: Regular Information

TITLE

Discussion Of Updated Demographic-Economic Trends And Forecast And The Program And Service Inventory

PURPOSE/ACTION REQUESTED

Discuss the updated Demographic-Economic Trends and Forecast utilized for Dakota County's Community Indicators and provide an overview of the Program and Service Inventory.

SUMMARY

On October 8, 2024, the Office of Performance and Analysis (OPA) provided the County Board with an overview of Dakota County demographic and economic trends related to the County's Community Indicators. Since that time, updated information has been released that impacts some Community Indicators, including U.S. Census Bureau American Community Survey (ACS) data, which was released in mid-September. This presentation will provide an overview of that updated information. Dakota County maintains information related to 26 Community Indicators and Performance Measures on the County's public website (located at <http://www.co.dakota.mn.us/> under "Government," "Performance & Analysis," "Community Indicators"). These Community Indicators provide insight into the state of Dakota County and information that can inform discussions and decision making.

The presentation will conclude with a brief overview and examples of the Program and Service Inventory (PSI). While the County's Community Indicators provide a high-level overview of County trends, the PSI provides information regarding individual program performance for Dakota County's 219 programs and services. Examples will be provided showing how Outcomes Based Accountability (OBA) illustrates program performance through measurements of How much, How well, and Is anyone better off.

RECOMMENDATION

Information only; no action requested.

EXPLANATION OF FISCAL/FTE IMPACTS

☒ None ☐ Current budget ☐ Other
☐ Amendment Requested ☐ New FTE(s) requested

RESOLUTION

Information only; no action requested.

PREVIOUS BOARD ACTION

None.

ATTACHMENTS
Attachment: Presentation Slides

BOARD GOALS
☐ Thriving People ☐ A Healthy Environment with Quality Natural Resources
☐ A Successful Place for Business and Jobs ☒ Excellence in Public Service

CONTACT
Department Head: Dave Paulsen
Author: Penny Anderson

Demographic and Economic Trends Update and the Program and Service Inventory

Office of Performance and Analysis

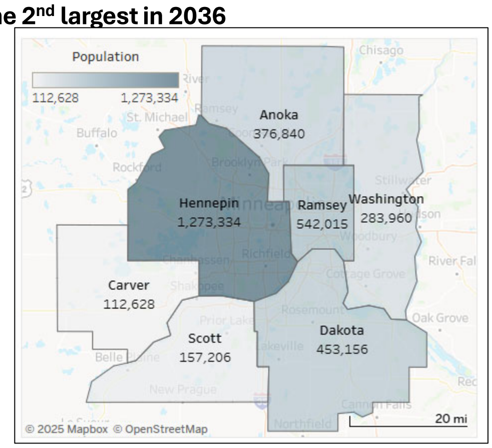
Penny Anderson, Shannon Laghlin,
and Tim Trumpy

Agenda

- Populations Characteristics
- Housing
- Socio-Economic Indicators
- PSI Program and Service Inventory

Population

- **2024 Dakota County Population is 453,156**
- **Dakota County remains 3rd largest county, projected to become 2nd largest in 2036**



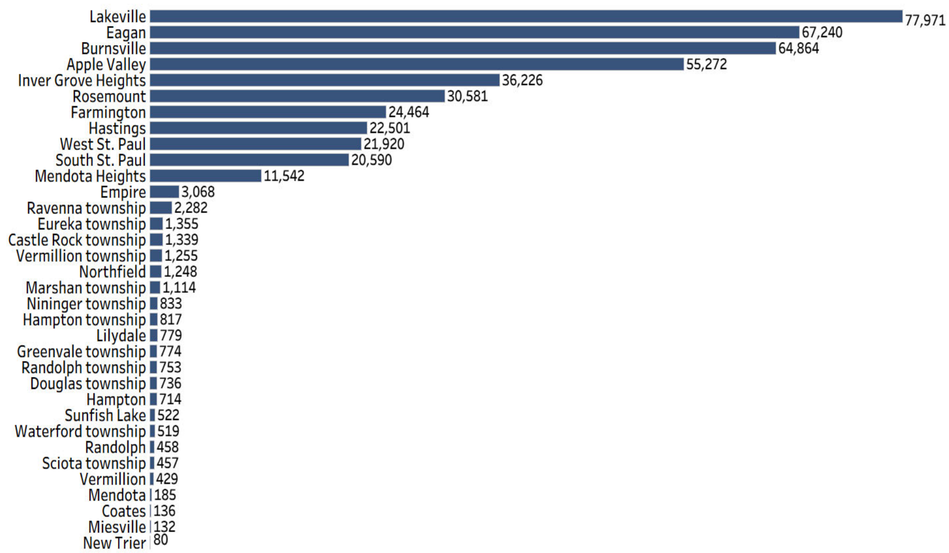
Components of Change

Dakota County Resident Population Change (2023-2024)

Population Change	=	Natural Change	+	Net Migration	+	Residual*
4,661		**1,624**		**3,045**		**-8**

**The total population change includes a residual which represents the change in population that cannot be attributed to any specific demographic component.*

Cities and Townships



Areas of Growth

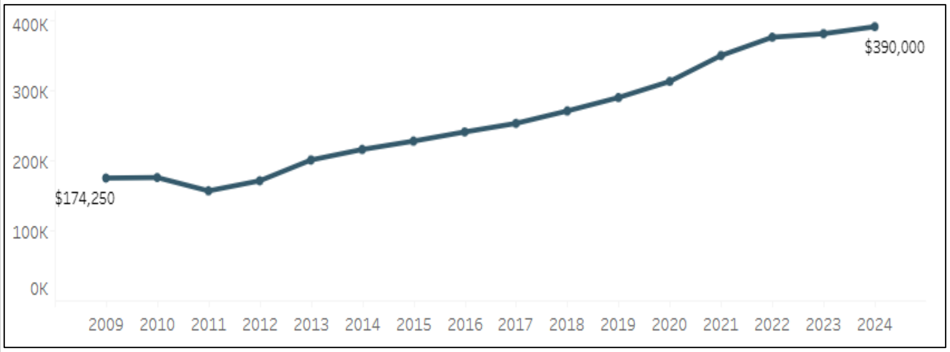
- **Rosemount ranked 9th fastest growing city in the United States**

City or Township	2024	Percent Growth 23-24
Rosemount	30,581	10.6%
Farmington	24,464	2.1%
Lakeville	77,971	2.1%
Hastings	22,501	1.5%
Sunfish Lake	522	1.0%
Sciota Township	457	0.7%

Median Home Sale Price

Dakota County

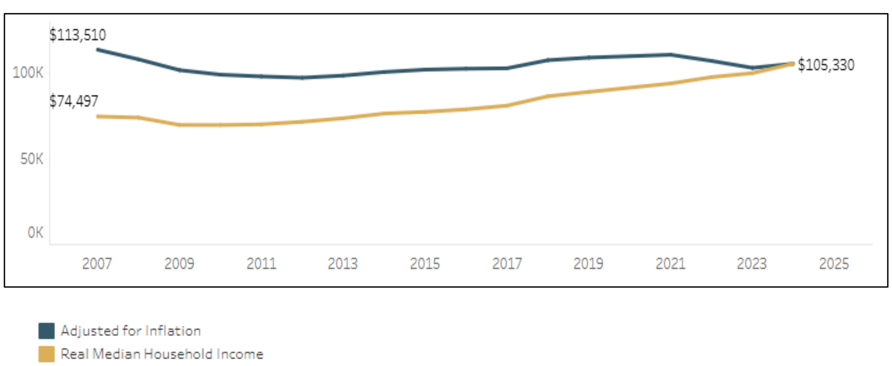
- **Up $10,000 or 2.6% from 2023**



Median Household Income

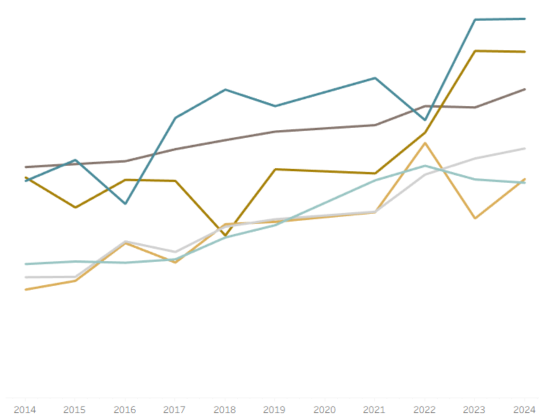
Dakota County

- **An increase of 6% in real dollars**
- **An increase of 2% when adjusted for inflation**



Median Household Income by Race/Ethnicity

- **Hispanic or Latino, Black or African American, or Some Other Race continue to have the lowest median household income**



Asian	$131,650
Two or More Races	$120,227
White Alone, Not Hispanic or Latino	$107,209
Hispanic or Latino	$86,640
Some Other Race	$76,036
Black or African American	$74,724

Cost of Living

Typical Family Basic Needs

$75,803 in Dakota County in 2024

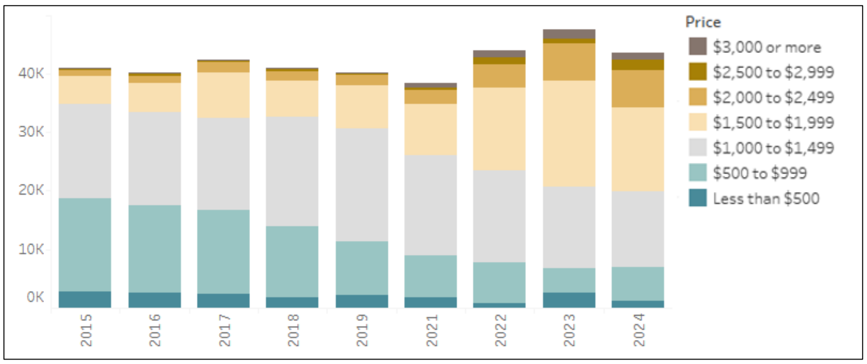
5.7% increase since 2023

$24.30 per hour needed to meet basic needs

8% higher in Dakota County than State of Minnesota

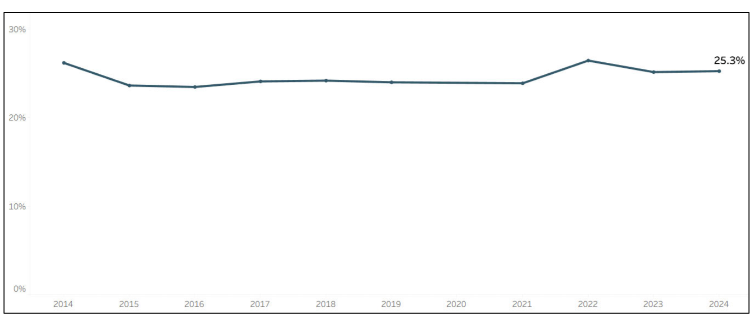
Rental Units by Price

- Fewer occupied rental units in 2024
- Median Rent was $1,568, down $17 from 2023



Households burdened

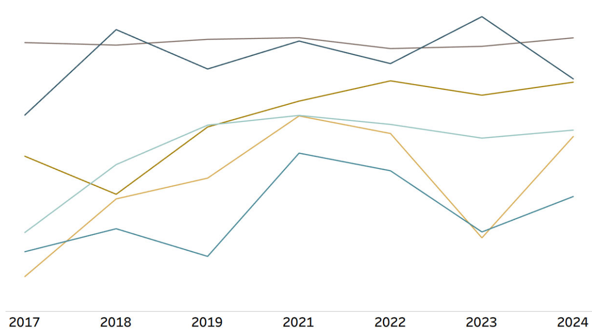
- Percent Cost Burdened remained about the same at 25.3%
- Black or African Americans most Cost Burdened



Cost-burdened definition: a household that contributes more than 30% of income before taxes and other deductions to housing expenses. Housing expenses include rent or mortgage, taxes, utilities, and association fees.

Homeownership by Race/Ethnicity

- **Overall Homeownership Rate 75%**
- **Hispanic, Black or African American, and Some Other Race remain lowest**

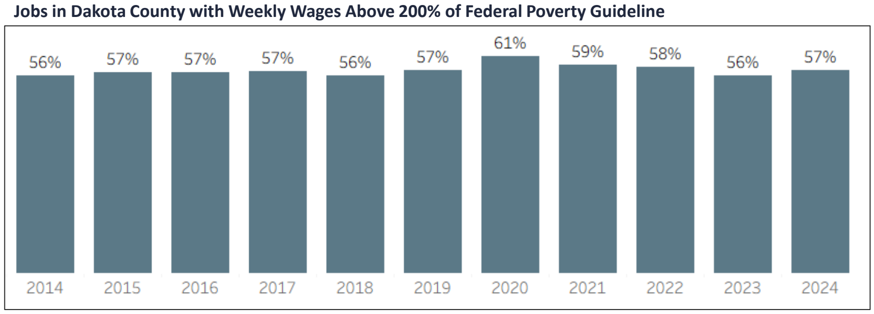


White	80%
Asian	70%
Two or More Races	69%
Hispanic or Latino	56%
Some Other Race	55%
Black or African American	39%

Jobs

- **The percent of jobs in Dakota County with weekly wages above 200% of the federal poverty guideline:**
  - **Decreased -4% from a high in 2020**
  - **Increased +1% from 2023**

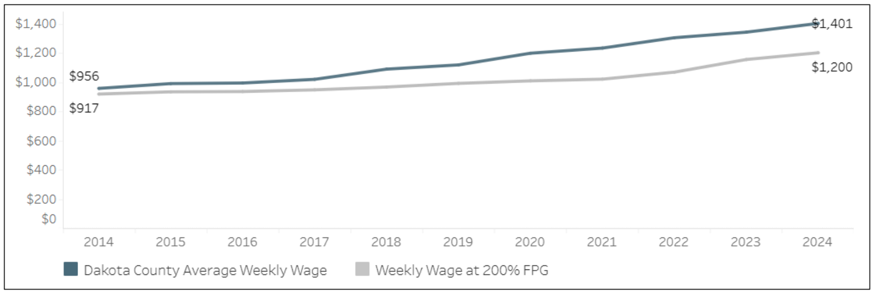
Jobs in Dakota County with Weekly Wages Above 200% of Federal Poverty Guideline



Average Weekly Wage

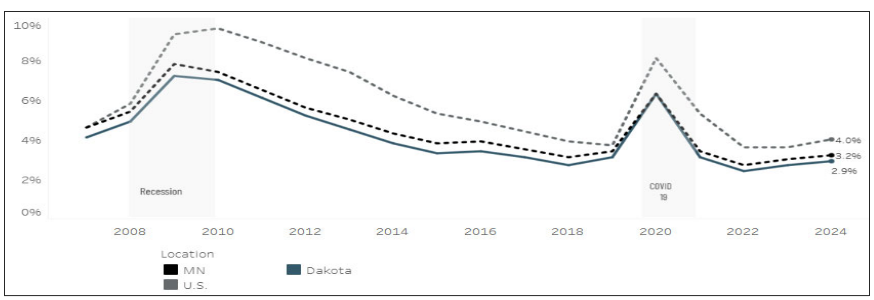
- Average weekly wages for Dakota County increased by +4.5% from 2023 to 2024
- Weekly wages at 200% of Federal Poverty Guidelines increased overall by +4% from 2023 to 2024

Dakota County Average Weekly Wages vs. Weekly Wages at 200% of Federal Poverty Guidelines



Unemployment

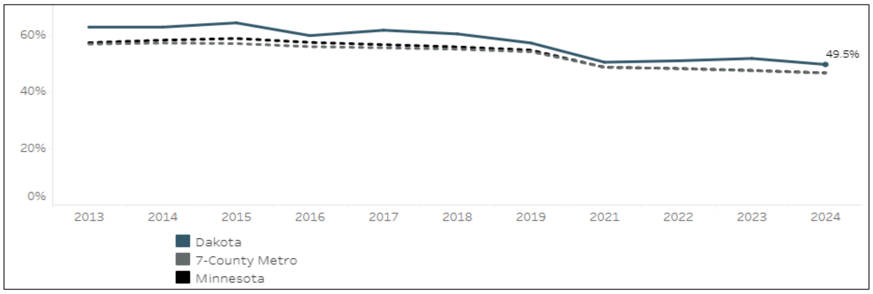
- The unemployment rate in Dakota County increased +0.2% from 2023 to 2024
- Unemployment rates locally, statewide, and nationally have risen steadily from a 2022 low



Third Grade Reading Standards

- The percent of Dakota County students meeting or exceeding 3rd grade reading standards decreased -4.1% from 2023 to 2024
- 3rd grade reading standard achievement for Dakota County students has decreased -13.2% from 2014 levels

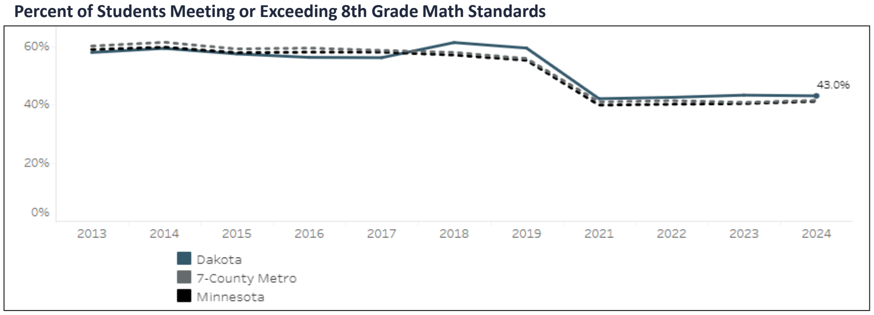
Percent of Students Meeting or Exceeding 3rd Grade Reading Standards



Eighth Grade Math Standards

- The percent of Dakota County students meeting or exceeding 8th grade math standards decreased -0.6% from 2023 to 2024
- 8th grade math standard achievement for Dakota County students has decreased -16.3% from 2014 levels

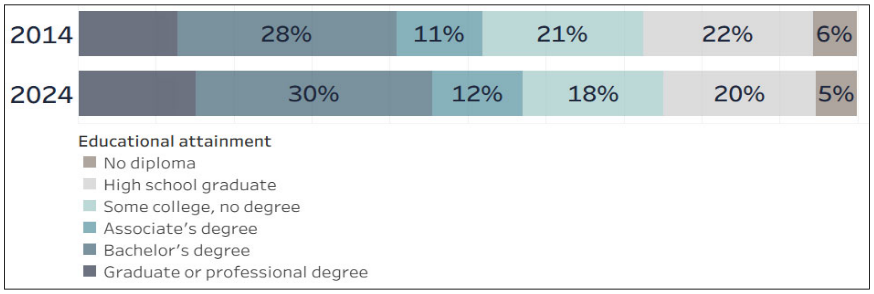
Percent of Students Meeting or Exceeding 8th Grade Math Standards



Adult Education Levels

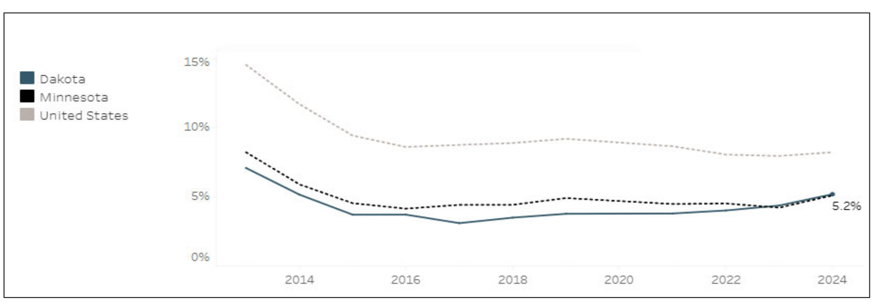
- **The percent of Dakota County adults age 25+ with an Associate's degree or higher increased +0.7% from 2023 to 2024**
- **The percent of adults with an Associate's degree or higher in 2024 (57%) has increased +5% from 2014 levels (52%)**

Dakota County Adult (25+) Educational Attainment Levels



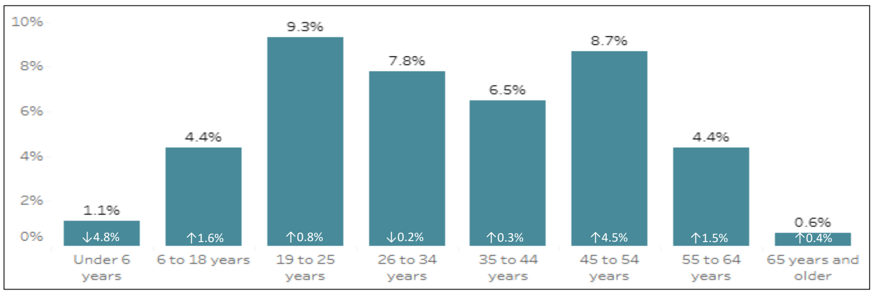
Health Uninsurance for All Ages

- **Uninsured rates for all ages in Dakota County increased +0.9% from 2023 to 2024**
- **The overall uninsured rate in the County for all ages has risen annually since 2017**



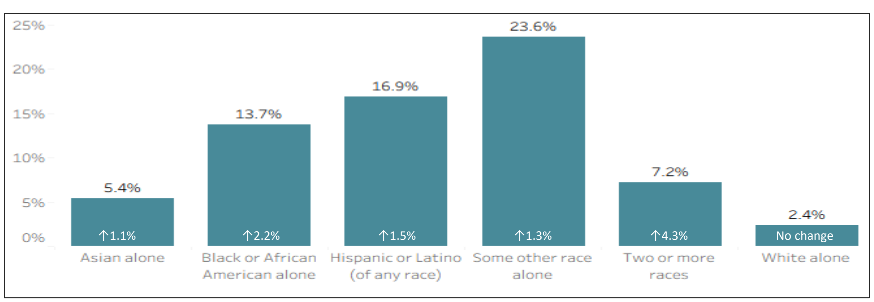
Uninsured by Age Group

- In 2024, uninsured rates increased for Dakota County residents aged 6 to 25 years and 35 to 64 years from 2023 levels
- Uninsured rates decreased for residents aged under 6 years, 26 to 34 years, and 65 years and older



Uninsured by Race/Ethnicity

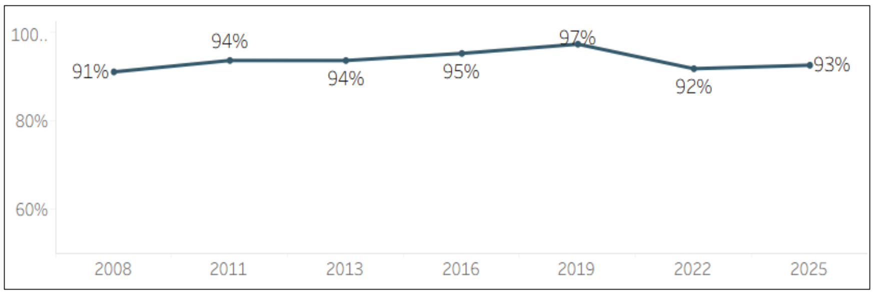
- In 2024, uninsured rates increased for Dakota County residents of all races and ethnicities except for White alone
- Uninsured rates increased most significantly for residents identifying with two or more races



Quality of Life

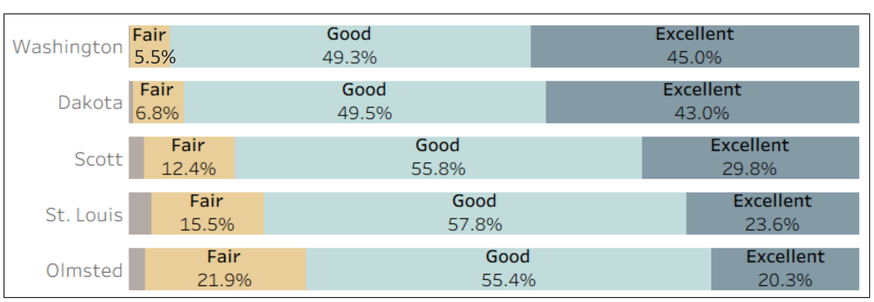
- **Resident perception of the overall quality of life in Dakota County remains high**
- **“Excellent” or “Good” quality of life response rates increase +1% from the 2022 to 2025 Residential Survey**

Overall Quality of Life "Excellent" or "Good" Response Rates | Dakota County



Quality of Life

- **In 2025, Dakota County ranked with Washington County for a high resident perception of overall quality of life**

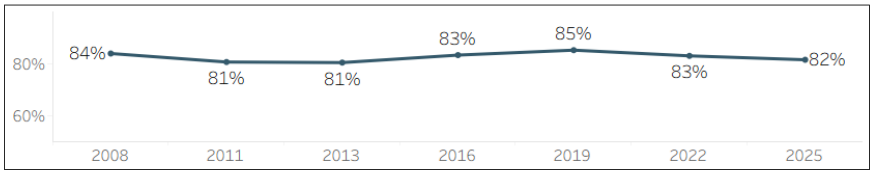


Quality of Service

- **Resident perception of the overall quality service in Dakota County decreased -1% from the 2022 to 2025 Residential Survey**

Staff Service Quality "Excellent" or "Good" Response Rates | Dakota County

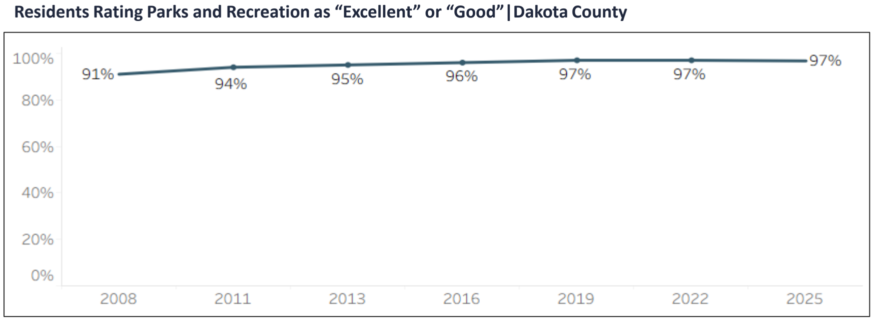
Subquestion: Overall Impression



Quality of Parks and Recreation

- **Resident perception of the County's park and recreation offerings remains high**

Residents Rating Parks and Recreation as "Excellent" or "Good" | Dakota County



Key Takeaways

- **By 2036, Dakota County will surpass Ramsey County to become the 2nd largest County in the State. Rosemount ranked 9th fastest growing city in the United States.**
- Households burdened by housing costs continues to be an issue for renters and Black or African Americans.
- Black or African Americans continue to lag in household income and homeownership.

Key Takeaways (continued)

- Though both jobs and weekly wages in Dakota County are steadily increasing, the percent of jobs with wages above 200% of the Federal Poverty Guideline has declined since 2020.
- County unemployment rates have increased over the last year but continue to remain below state and national averages.
- Adult education levels have increased over the past decade. Conversely, achievement of 3rd grade reading and 8th grade math standards has experienced an overall downward trend since 2014.
- Dakota County residents report high satisfaction with overall quality of life in the county, overall quality of services provided by the County, and quality of County parks and recreation offerings.

Community Indicators

www.co.dakota.mn.us

Performance & Analysis

Community Indicators

Program and Service Inventory (PSI)

Community Indicators – Population Level

Program and Service Inventory –
Individual Program Level

Program and Service Inventory (PSI)

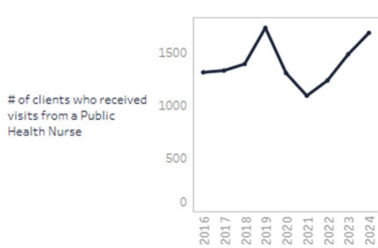
219 programs and services

Outcomes Based Accountability (OBA) Questions

- How much?
- How well?
- Is anyone better off?

PSI Example – Family Health

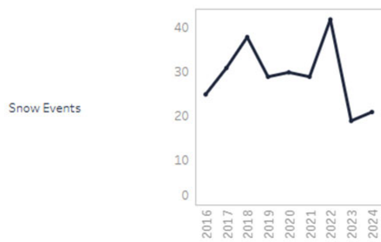
How Much



Is Anyone Better Off?

PSI Example – Snow Removal

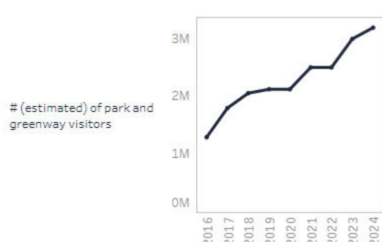
How Much



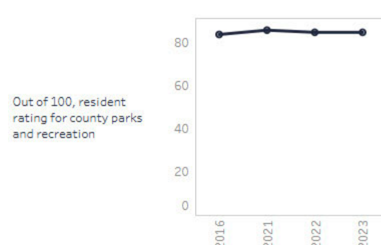
How Well

PSI Example – Parks Visitors Services

How Much



How Well



Questions?

General Government and Policy Committee of the Whole

Request for Board Action

Item Number: DC-5033 **Agenda #:** 7.2 **Meeting Date:** 11/4/2025

DEPARTMENT: Finance

FILE TYPE: Regular Information

TITLE
Environmental Legacy Fund Overview

PURPOSE/ACTION REQUESTED
Provide an overview of the Environmental Legacy Fund and an update on Environmental Legacy Fund financials.

SUMMARY
Staff will present an overview of the Environmental Legacy Fund, including an analysis of the Environmental Legacy Fund's current financial position, a 5-year forecast, and a summary of potential revenue options for the Fund.

RECOMMENDATION
Information only; no action requested.

EXPLANATION OF FISCAL/FTE IMPACTS
☒ None ☐ Current budget ☐ Other
☐ Amendment Requested ☐ New FTE(s) requested

RESOLUTION
Information only; no action requested.

PREVIOUS BOARD ACTION
None.

ATTACHMENTS
Attachment: Presentation Slides

BOARD GOALS
☐ Thriving People ☒ A Healthy Environment with Quality Natural Resources
☐ A Successful Place for Business and Jobs ☐ Excellence in Public Service

CONTACT
Department Head: Will Wallo
Author: Will Wallo

Environmental Legacy Fund Overview

November 4, 2025

Agenda

- Fund overview
- Revenues and expenditures
- Uses of host fees and gravel taxes
- Major CIP commitments
- Fund balance review
- Forecast
- Potential funding sources and cost shifting
- Next steps and discussion

Environmental Legacy Fund Overview

Resolution No. 15-663, December 15, 2015

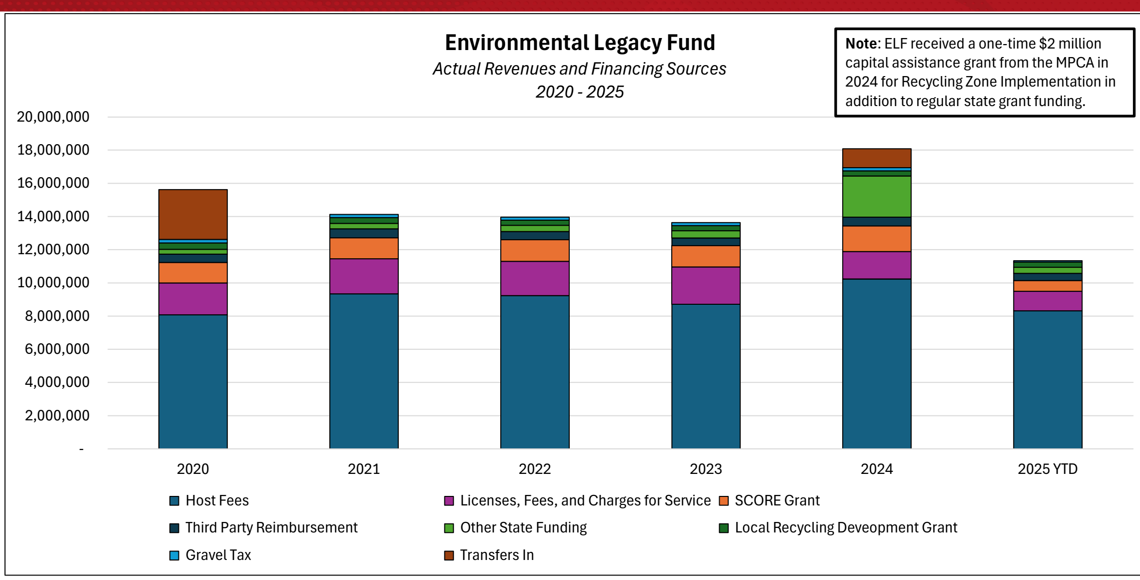
WHEREAS, the Environmental Legacy Fund has been established for and the protection, preservation or enhancement of the environment; and

WHEREAS, the Environmental Legacy Fund will be used to support environmental activities related to Brownfield Redevelopment, Environmental Capital Projects, Environmental Resources Operations, Gravel Pit remediation, Natural Area and Shoreland Conservation, Parks/Greenway Master Plan Improvements, and implementation of the Natural Resources Management Plan and Solid Waste Master Plan; and

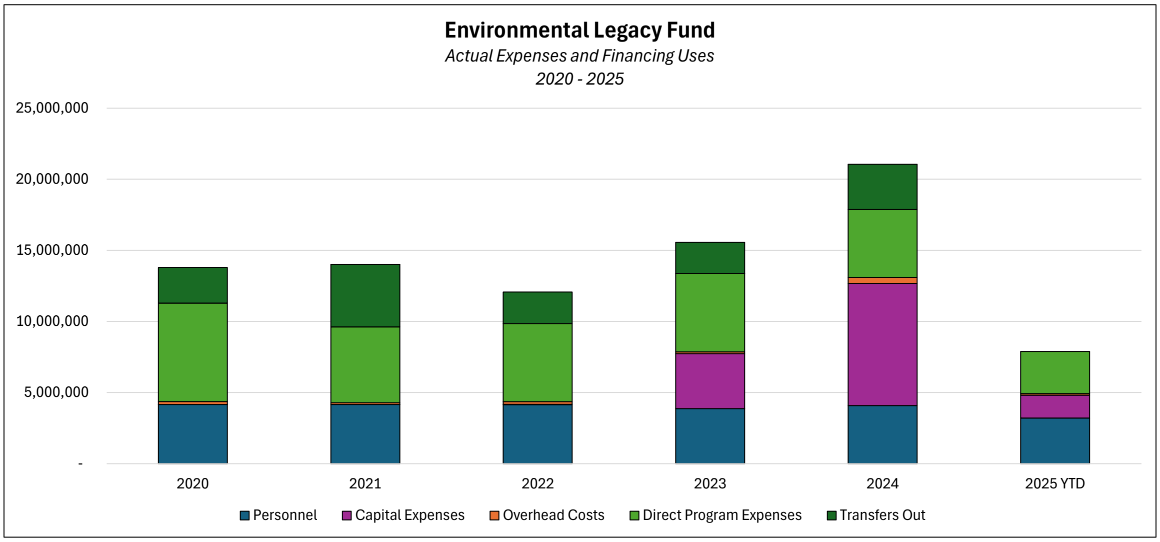
WHEREAS, the Environmental Legacy Fund is not intended to supplant the State of Minnesota's responsibility to close, remediate, or maintain landfills.

NOW, THEREFORE, BE IT RESOLVED, That the Dakota County Board of Commissioners, in accordance with and pursuant to the Fund Balance Policy No. 2003, hereby commits the entire fund balance of the Environmental Legacy Fund for purposes of protection, preservation, or enhancement of the environment as of December 31, 2015.

Revenues and Financing Sources



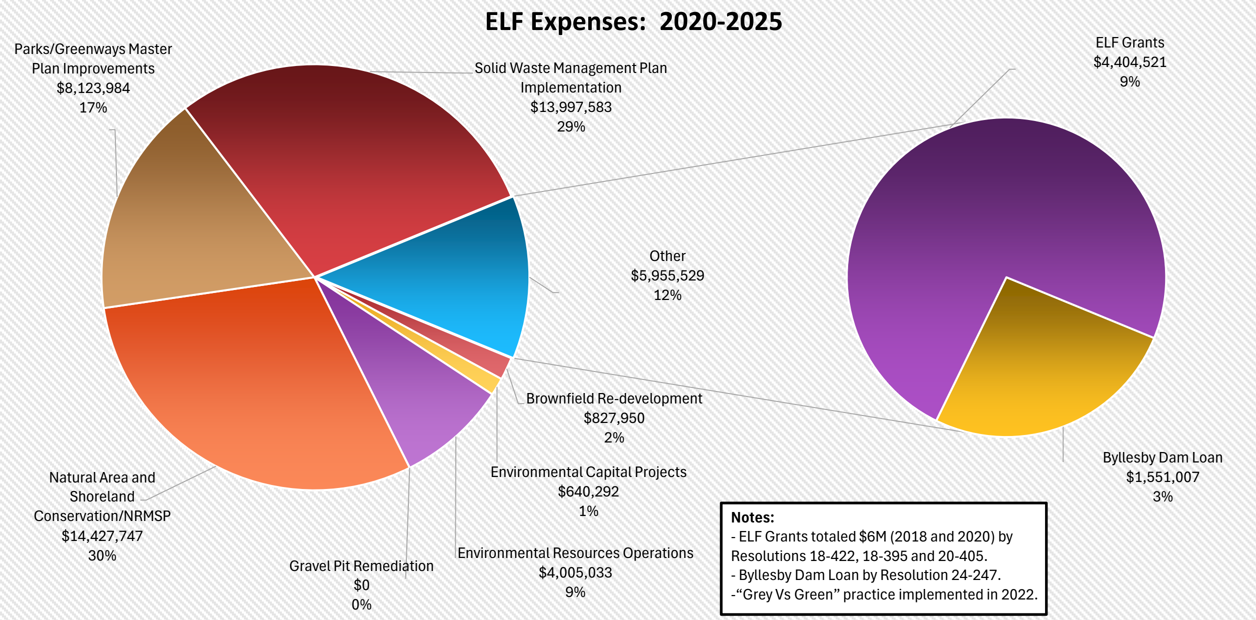
Expenditures and Other Financing Uses



ELF: Host Fee and Gravel Tax Revenues

- Host Fees (Minn Statutes 371, 375 and 473)
  - Since 1998
  - In lieu of Surcharge Authority (Minn Statutes 115A.919)
  - Less restrictive than Surcharge
    - Language from Current Agreements: "The County may use host fees for any public purpose. The County is not restricted to those uses for surcharge fees enumerated in Minn Stat 115A.919"
- Gravel Tax (Minn Statutes 298.75)
  - For "restoration of abandoned pits, quarries, or deposits"
  - If there are no abandoned pits, "shall be used for any other unmet reclamation need or for conservation or other environmental needs"

Environmental Legacy Fund Use: Host Fees



Major Capital Projects – Use of ELF Fund Balance

Major Capital Projects	Available Budget Remaining Through 2025	ELF Category
Veterans Memorial Greenway*	$9,785,923	Parks/Greenways Master Plan Improvements
Recycling Zone Implementation (Pending 11/6 Discussion at PDC)	$9,671,489	Solid Waste Management Plan Implementation
Byllesby Dam Turbine Upgrade	$3,965,429	Other
Spring Lake Park Reserve River Access	$800,000	Parks/Greenways Master Plan Improvements
Vegetation Management	$750,218	Natural Area and Shoreland Conservation/NRMSP
Spring Lake Park – Fischer Ave. Trailhead	$700,000	Parks/Greenways Master Plan Improvements
Water Quality and Quantity Capital Projects	$689,895	Environmental Capital Projects
Thompson Oaks*	$468,245	Environmental Capital Projects
1500 Towerview Redevelopment (Northwest Airlines Site in Eagan)	$400,000	Brownfield Redevelopment
Land Acquisition and Restoration	$355,721	Natural Area and Shoreland Conservation/NRMSP

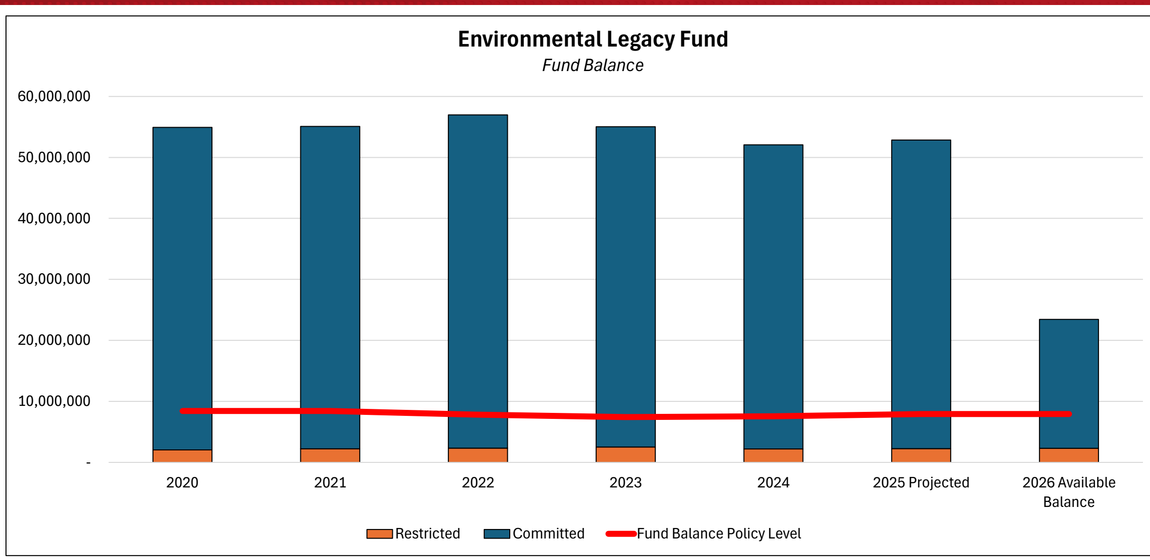
*Budgeted prior to "Grey Vs. Green" practice implementation

Fund Balance Policy

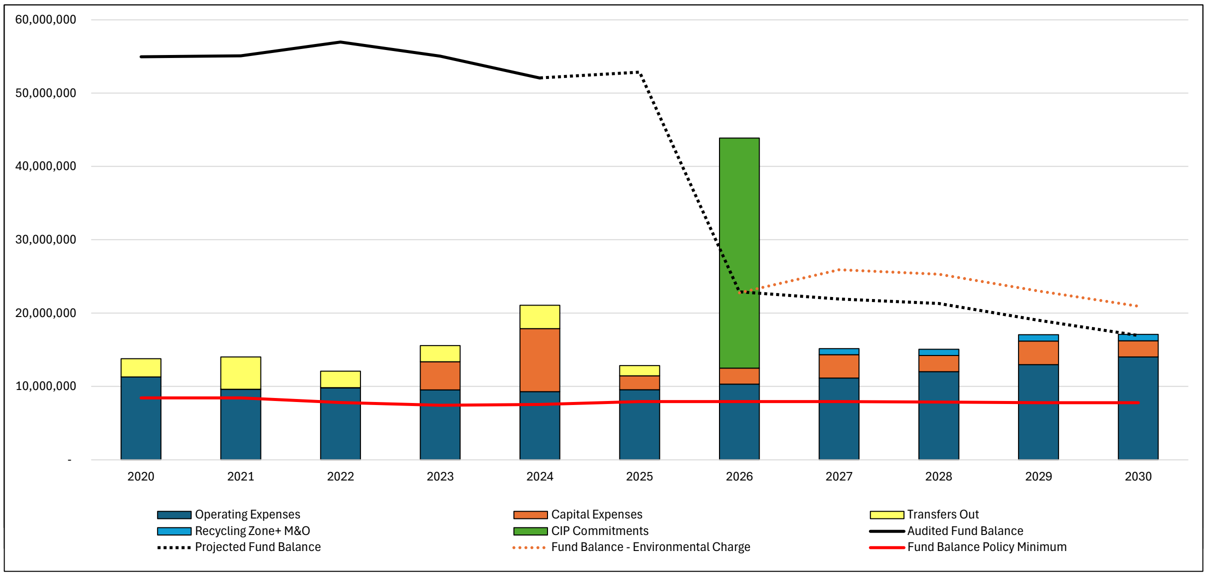
The County maintains a minimum fund balance at year-end equal to or greater than two times the actual ELF expenditures from the prior year's operating funds in the Environmental Resources Department budget. If the balance is below the minimum, the County Manager must propose a budget to the Board of Commissioners that restores the minimum fund balance in the following budget year.

Source: Dakota County Fund Balance Policy (Policy 2003)

Fund Balance



Forecast



Potential Future Funding Sources

- Renegotiate Host Fee Agreements
  - Current agreements expire December 31, 2027
  - In-county vs. out-of-county waste fee differential (currently 33%)
  - Annual fee by waste stream
  - Annual fee increases
  - Minimum payments
- Implement a County Environmental Charge
  - Limited to Solid Waste Management related activities
  - Fee structure options
    - Property-based charges (Anoka, Carver, Scott)
      - Residential
      - Non-residential
    - Fee on waste bills (Hennepin, Ramsey)
    - Combination (Washington)

County Environmental Charge

Current Metropolitan Area County Environmental Charge Fees

County	Fee Structure	Fees
Anoka	Property-based	Residential ($15.61 - $24.02) Non-residential ($53.23 - $1,362.90)
Carver	Property-based	Residential ($25 - $28) Non-residential ($70 - $210)
Scott	Property-based	Residential ($12 - $27) Non-residential ($43 - $132)
Hennepin	Fee on waste bills	15.5% - 21.4%
Ramsey	Fee on waste bills	38% - 53%
Washington	Combination	35% and $3 per residential parcel

Examples of Potential Fees to Raise $4M

Parcel Type	Fee
Single Unit Residential	$21
Multi-unit Residential	$17
Commercial value <=$100K	$85
Commercial value>$100K	$155
OR	
Residential	$3
AND	
Waste Bill Fee	5.9%

13

Decrease Ongoing Reliance on ELF Fund Balance

- Increase SCORE funding for solid waste programming
- Maximize grant funding from state and other sources
  - Ex. LCCMR, LSOHC, DNR, MPCA
  - Typically requires County match (25%)
- Bonding for environmental capital projects
  - Use ELF for debt service (Recycling Zone Plus)
- Environmental Legacy Fund policy changes

Next Steps

- Recycling Zone Plus construction contract award – 11/6
- Projections and fund balances – 11/18
- 2026-2030 CIP update – 11/18
- Fund balance policy recommendations – Q2 2026
- Revenue recommendations – Q2 2026

Discussion

General Government and Policy Committee of the Whole

Request for Board Action

Item Number: DC-5040 **Agenda #:** 10.1 **Meeting Date:** 11/4/2025

Adjournment