



Meeting Announcement and Agenda

**City Council Workshop
City Hall Council Chambers
315 West Fourth Street, Red Wing, MN
Date: Monday, August 24, 2026
Time: 5:00 PM**

1. Call to Order

2. Workshop Items

2.A. Summary Results of Benefit Analysis by DDA/HR.

2.B. Private Use of Public Property & Community Event Funding.

The purpose is to obtain Council feedback regarding support and funding for community events to be included in the 2027 budget and incorporated into the Private Use of Public Property (PUPP) Policy.

3. Adjournment

Accommodations for signing interpreter, Braille, large print, etc. can be made. Call City Hall at 385.3600 seven days prior to the need. Hearing assistance devices are available during meetings.

City of
RED WING[®]
CITY COUNCIL MEETING STAFF REPORT

To: City Council Members and Mayor
From: Alex Saxe, Human Resource Manager
Meeting Date: August 24, 2026
Agenda Item Number: 2.A.

Title and Purpose

Summary Results of Benefit Analysis by DDA/HR

Attachments

1. Benefit Analysis Preliminary Results

Background

As part of the City Council's goals and priorities, a Comprehensive Benefits Analysis was requested. At the May 11th, 2026 City Council Meeting, the Council selected DDA/HR to conduct a Comprehensive Benefits Analysis. DDA/HR is a Minnesota-based consulting firm specializing in human resources and organizational services for cities, counties, and other public-sector entities. As an affiliate of David Drown Associates, Inc., DDA/HR brings 13 years of experience supporting local governments throughout Minnesota and beyond.

At that May 11th, City Council Meeting, Council also selected 11 comparable communities to use for the analysis. Beginning the week of May 18th, City Staff had an initial scoping meeting with the consultant and they provided draft benefit survey templates. City Staff and the consultant took a few weeks to refine the survey to ensure it would give the City helpful data. The consultant then reached out to the comparable communities and began data collection.

Discussion

City HR staff and the consultant have been working collaboratively on a PowerPoint Presentation that will be presented at the workshop. For medical reasons, representatives from DDA/HR will be virtual during the workshop to give the presentation.

August 19, 2026

Alex Saxe
Human Resource Manager
City of Red Wing

Dear Mr. Saxe,

The City of Red Wing has contracted with DDA HR to design and administer a benefit survey. A benefits survey gives the City credible, data-driven evidence about how competitive our compensation and benefits are compared to similar municipalities. This protects our ability to recruit, retain, and budget responsibly—while ensuring taxpayer dollars are used wisely.

A benefit survey matters as it:

1. Ensures competitive hiring in a tight labor market
2. Protects retention and reduces turnover costs
3. Supports responsible, transparent use of taxpayer dollars
4. Strengthens pay equity compliance
5. Improves long-term budgeting
6. Supports employee morale and public trust

When evaluating compensation, it is important to look beyond wages alone. Employees view compensation as a total package that includes salary, health insurance, retirement contributions, paid leave, and other benefits. Reviewing benefits helps ensure the City remains competitive in attracting and retaining employees while making responsible use of taxpayer resources. A salary may be below market, but a strong benefits package may make the overall compensation package highly competitive.

Benefits are an important part of the compensation package, but they are not always viewed equally by employees. Because employees have different needs and priorities, a strong compensation system balances competitive wages with valuable benefits to attract and retain a diverse workforce. Benefits matter, but employees pay their mortgage and buy groceries with their paycheck. A competitive compensation strategy requires attention to both wages and benefits because employees value each component differently.

For example:

- An employee with a family may place significant value on employer-paid health insurance.
- An employee approaching retirement may highly value retirement contributions.
- A younger employee may be more concerned about take-home pay, student loan obligations, or housing costs.
- Some employees may prefer additional salary over enhanced benefits because salary impacts their spending flexibility today.

Per your policy, we used the following 11 benchmark cities:

- City of Cottage Grove
- Goodhue County
- City of Hastings
- City of Northfield
- City of Owatonna
- City of Winona
- City of Albert Lea
- City of Austin
- City of Faribault
- City of Stillwater
- City of Marshall

All entities responded to the survey.

Summary of Market Findings

- Most entities offer the same benefit coverage, but Red Wing offers vision which is unusual
- Red Wing has a lot of benefits that vary by employees which can be an issue for pay equity
- Red Wing exceeds the market average in Life Insurance coverage for exempt employees
- Like most of the benchmarks Red Wing offers PTO. The City's starting PTO rate is generally in line with the market, but some cities do provide more time at the beginning of employment.
- Like most of the market Red Wing allows employees to cash out vacation and sick time. We'd be interested to see how much other cities allow to be cashed out.
- Red Wing is one of few benchmarks that compensates employees for waiving health insurance.
- Red Wing is in the majority when it comes to making HSA contributions.
- Red Wing is above average by offering access to Kavira's telehealth/home/onsite benefit.
- Performance based pay comes in several variations at Red wing
- Performance pay is unique and varies by each employee group

Overall, Red Wing is very competitive with benefits and often leads the market average. ICHRA is a unique solution to the City's financial concerns regarding benefits.

Employees are more likely to view the organization as fair when similar employees have access to the same health insurance, retirement, leave, and other benefits. Consistent benefits help avoid perceptions of favoritism or unequal treatment. Internal equity is a key principle of a well-designed compensation system. emphasizes the importance of compensation systems that maintain internal equity and fairness.

Supports Recruitment and Retention

Reduces Legal and Compliance Risks

Consistent benefit practices help minimize the risk of discrimination claims and support equal employment principles. Federal equal pay and anti-discrimination laws generally require employers to avoid providing compensation and benefits in a discriminatory manner.

Builds Trust and Morale

Employees who believe they are being treated fairly are more likely to be engaged, productive, and committed to the organization. Consistency in benefits reinforces organizational values and strengthens employee trust.

Makes Administration Easier

Having one set of core benefits is generally easier to administer, communicate, budget, and explain. Employees understand what is available, and supervisors are less likely to encounter questions about why one group receives a different benefit.

Important Caveat

"Same benefits for everyone" does not always mean identical benefits for every employee. Organizations often provide different benefits based on legitimate factors such as:

- Full-time vs. part-time status
- Union vs. non-union groups
- Elected officials vs. employees
- Different bargaining agreements
- Statutory requirements
- Public safety retirement systems

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City of
RED WING[®]
CITY COUNCIL MEETING STAFF REPORT

To: City Council Members and Mayor

From: Shawn Blaney, Public Works Director, Michelle Leise, Public Information and Engagement Officer, Chris Heineman, City Council Administrator, Kyle Klatt, Community Development Director

Meeting Date: August 24, 2026

Agenda Item Number: 2.B.

Title and Purpose

Private Use of Public Property & Community Event Funding.

The purpose is to obtain Council feedback regarding support and funding for community events to be included in the 2027 budget and incorporated into the Private Use of Public Property (PUPP) Policy.

Attachments

None

Background

Over the years, the City of Red Wing has partnered with various civic and philanthropic organizations to support numerous community events in Red Wing. In addition to providing exceptional public spaces to host each event, the City of Red Wing has often provided some level of direct or in-kind support to make these events possible. While the level of support has varied, ongoing support is needed to sustain these events, which have become part of our identity and help to develop a sense of pride and belonging in our community.

The City of Red Wing has utilized a Private Use of Public Property (PUPP) application process for many years, however no formal policy exists. City staff is currently developing a policy, which will be brought forward for City Council review and approval in the coming months. One of the key components of the draft policy relates to the protocols for funding and supporting community events. City Council direction from this workshop will assist staff in bringing forward a full policy for consideration later this fall.

Event Co-Sponsor:

According to current practice, the City of Red Wing serves as an event co-sponsor for a number of local events. As a co-sponsor, the City either provides a specific “up to” dollar amount for in-kind services, which are primarily made up of labor and equipment from the Public Works Department. In some cases, the City of Red Wing provides a designated amount that the organizers can use at their discretion for event costs.

The City appreciates all of Red Wing’s event organizers and wants to remain a good partner

with a simple, user-friendly PUPP application process. To help with that goal, staff purchased new software in 2026 to streamline the internal routing review. Staff also removed the 19% administrative fee in 2026 based on direction from the City Council after receiving negative feedback from our community partners. City staff has continued to track the total cost of labor and equipment to be more transparent and clear with our partners. So far, however, this has resulted in higher invoiced labor charges for community events.

The following pages break down the two categories of co-sponsored events, with options for the Council to consider.

Events Supported Primarily Through City-In-Kind Labor and Equipment

The City has built partnerships with local organizations over many years and has served as a co-sponsor for multiple events. In its role as a co-sponsor, the City provides a specific “up to” amount for in-kind City services. If the City's services cost more than the designated in-kind amount, the City invoices the organizer.

River City Days (organized by the Chamber of Commerce), the Holiday Stroll (organized by Downtown Main Street), and the Fall Arts Festival (organized by Red Wing Arts) are the largest co-sponsored events and require significant City services, particularly Public Works labor and equipment.

Concerns from Partners of Co-sponsored Events:

Our partners at the Chamber of Commerce, Downtown Main Street, and Red Wing Arts have expressed that, while they greatly appreciate the City’s support, the dollar amounts the City provides have remained the same for years, even as event costs have risen significantly. They often must pay the City money for City services after their events are completed, and it is difficult to budget when the amounts do not reflect the current in-kind costs. Increasing the annual funds and budgeting three years in advance would help sustain the events and assist the organizations with planning.

Event	Current City In-Kind Support	Average Cost of City Services	Possible 2027 Amount
River City Days	\$15,000	\$18,000	\$25,000
Holiday Stroll	\$6,000	\$6,600	\$7,500
Fall Arts Festival	\$3,000	\$4,500	\$6,000

Council Direction Options:

- a. Continue supporting these events at their current level of City service
- b. Increase the authorized amount to better reflect actual costs
- c. Establish different funding levels per the Council's direction

In addition, when Council finds consensus on a 2027 amount, it could direct staff to add that same amount, or an increasing amount, to the 2028 and 2029 budgets. Council will always have the choice to change that amount, but adding the line item for multiple years will help the City and partner organizations in planning.

Events Supported Primarily Through Direct Financial Dollars

Over the last six years, the City has added four events that annually receive \$5,000, which can be used for City services and other event expenses. With the exception of the Hispanic Heritage Festival, this amount was provided to help kick-start these new events. The purpose of all four events is to make Red Wing a more open and welcoming place for everyone to live and visit. Events like these were requested by the public frequently and documented during the 2040 planning outreach and recommendations of the 2020-2022 Advisory Team on Policies and Practices. These events have received significant public support and continue to be well attended. The RiseUp Partnership, in connection with students, organizes Juneteenth and the Pride Celebration. The Honoring Dakota Project organizes the Indigenous Art Market and Round Dance/Wacipi. Hispanic Outreach has been organizing the Hispanic Heritage Festival for more than a decade.

Event	Current Annual City Support	Average Cost of City Services
Hispanic Heritage Festival	\$5,000	\$1,322 (5-year avg.)
Juneteenth	\$5,000	\$677 (5-year avg.)
Pride Celebration	\$5,000	\$555 (3-year avg.)
Indigenous Art Market / Round Dance-Wacipi	\$5,000	\$310 (3-year avg.)

Council Direction Options:

- a. Continue support at the current funding level

- b. Provide a lower annual contribution
- c. Limit support to the cost of in-kind City services (up to a specific amount)
- d. Deny current support and require a request for in-kind services starting in 2027

Once the Council determines what it wishes to support, staff will continue to identify the amounts annually in the City's budget. This makes the City's commitments transparent to our partners and the public, distinguishes in-kind services from direct cash support, and allows the Council to review event support through the annual budget process.

Discussion

Funding Community Events: Examples of What Other Cities Do

Below are examples of what cities often do, using either one or a combination of the following practices. This is not an exhaustive list; protocols vary widely. The City of Red Wing has used each of these in some way over the years.

- *Dedicated Allocation Per Event:* A city defines a maximum dollar amount for in-kind services it will provide for each of its regular co-sponsored events.
- *Application Process:* A city provides a separate line-item amount for financial support that other events may apply to for in-kind and/or other event costs if they meet certain criteria.
- *Event Tiers:* Events are categorized, and each tier gets a certain amount each year (for example: first-time, City-sponsored, partner-led events).
- *Formal Agreements:* A city enters into agreements with community organizations that outline in-kind dollar amounts, responsibilities, etc.

Staff contacted four Minnesota cities to learn how they handle requests for community-event support, including both in-kind services and direct cash contributions. Practices vary, but the comparison shows that in-kind support and departmental absorption of event costs are more common than direct cash payments. Faribault was the only city in this limited survey that provided a direct cash contribution to a festival.

Event Support

Northfield

- \$50-\$100 permit or application fee
- City provides \$50,000 of in-kind services for Defeat of Jesse James Days covering Public Works, Police, and Fire labor
- Applicants pay setup/take-down costs for the city-owned stage
- Non-City-sponsored event costs are paid by the Chamber of Commerce

Owatonna

- No permit or application fee
- No set event budget
- Public Works provides barricades and covers labor costs

- Departments estimate costs during application review.
- Downtown Thursdays are Chamber-organized.
- The Steele County Fair serves as the community's major annual festival

Faribault

- No permit or application fee and no formal application process
- Council sets event support at 0.04% of the General Fund budget
- City departments absorb all event costs.
- \$6,500 in cash is also provided to Heritage Days

Albert Lea

- \$25 application fee, waived for events coordinated by the Visitors and Convention Bureau.
- City departments absorb all event costs.
- The July 3 parade is the City's primary event but no major festivals

Transparency in Red Wing's Cost Reporting

As mentioned earlier in this report, Red Wing Public Works uses an asset management/work order system that tracks labor and equipment to individual tasks and projects. Peer cities contacted for this survey did not report the same level of task-specific labor tracking. Red Wing can therefore quantify the actual municipal resources devoted to an event more precisely. This elevated level of transparency supports better budgeting and accountability, but it can also make Red Wing's event costs appear higher when compared with communities that absorb similar work within departmental budgets without assigning those costs to a specific event.

For Future Discussion

A broader conversation could happen at a future workshop related to the City of Red Wing's overall protocols.

Areas for that conversation could include:

- a. How events can become ongoing co-sponsored events
- b. Criteria for events that receive either financial in-kind support or direct support
- c. Explore agreements with organizations

Financial Plan and Impact

NA

Alternatives

NA

Recommended Action

For discussion only; no action requested at this time.