

1. Agenda And Packet Work Session

Documents:

[MAY 18, 2020 WORK SESSION AGENDA.PDF](#)  
[MAY\\_18\\_2020\\_WORK\\_SESSION\\_PACKET.PDF](#)

City of Excelsior  
Notice of City Council Work Session  
of the Excelsior City Council

NOTICE IS HEREBY GIVEN that the City Council of the City of Excelsior will hold its Work Session on May 18, 2020 at 5:30 p.m. via a telephonic and/or electronic meeting. The agenda for the meeting is attached hereto.

In accordance with the requirements of Minn. Stat. Section 13D.021, the Mayor, the city manager, and the city attorney have determined that an in-person meeting is not practical or prudent because of the "COVID-19 Health Pandemic" emergency declared under Chapter 12 of the Minnesota Statutes. Due to the measures necessary to contain and mitigate the impacts of the Pandemic Emergency, it has been determined that attendance at the regular meeting location by members of the public is not feasible and that the physical presence at the regular meeting location by at least one member of the body, chief legal counsel or chief administrative officer is not feasible. Therefore, all staff and City Council members will be participating by telephone or other electronic means.

Members of the public may attend the work session by joining via Zoom either online or by telephone at:

Join Zoom Meeting

<https://us02web.zoom.us/j/89749322996>

Meeting ID: 897 4932 2996

Dial by your location

+1 312 626 6799 US (Chicago)

+1 301 715 8592 US

Meeting ID: 897 4932 2996

City of Excelsior  
City Council Work Session

Agenda

May 18, 2020

5:30 p.m.

(Please Note: Times Listed Are Approximate)

1. Call to Order/Roll Call
2. Agenda Approval
3. 2020 Budget Projections
4. Councilmember Dierking Salary Donation
5. Adjournment

Note: The purpose of a Work Session is for the Council to discuss matters informally and in greater detail than is allowed at formal Council meetings. All meetings of the Council including Work Sessions will be open to the public. While the privilege of participating in these discussions is generally limited to the Council, staff, and consultants, the Mayor may open a discussion from the floor.

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THE CITY OF  
**EXCELSIOR**  
MINNESOTA

# 2020 GENERAL FUND BUDGET PROJECTIONS

May 18, 2020

Council Work Session

# PURPOSE OF WORK SESSION

- To consider effects of COVID19 pandemic on City Finances
  - General Fund
  - Utility Funds
  - Dock Fund
  - Other Funds
- To consider potential solutions to maintaining and preserving the financial position of City
- Fluid Situation and Environment
  - Many unknowns
  - June Property Tax Settlement will be major indicator of magnitude of future financial scenarios to plan for

# BACKGROUND

## General Fund - Fund Balance

- January 1, 2020 - \$1,360,915
- Unassigned - \$1,271,618
- Unassigned Fund Balance – 56% of 2020 Budgeted Expenditures
- Fund Balance Policy indicates minimum of 40%
- Jan 1, 2020 - \$357,689 “excess” Unassigned Fund Balance

## 2020 Budget

- General Fund presentation of balanced budget of \$2,284,823 in revenues and expenditures
- General Fund Levy of \$1,339,372
- Capital Improvement Levy (new in 2020) of \$93,000
- Debt Levy of \$341,719
- Total Levy of \$1,774,091

## Work Session Packet – Detail Attachment

- Scenarios and Breakout of Significant Sources of Change
- Budget Line Items detailing composition of Significant Sources of Change



# MOST SIGNIFICANT THREATS – GENERAL FUND

## Property Tax Revenues –

- Property Taxes comprise 59% of General Fund Revenues
- City has never collected less than 97% percent of the current year's property tax levy since 2000 (2000 was the furthest year back that was reviewed)
- It remains to be seen whether this trend will hold through current pandemic

## Parking Meter Revenues–

- Parking Meter Revenues comprise 11% of General Fund Revenues
- Parking Meter Revenues have historically been significantly tied to the weather and Special Events
- Uncertainty on the ability to hold Special Events will remain and likely affect Parking Meter Revenue

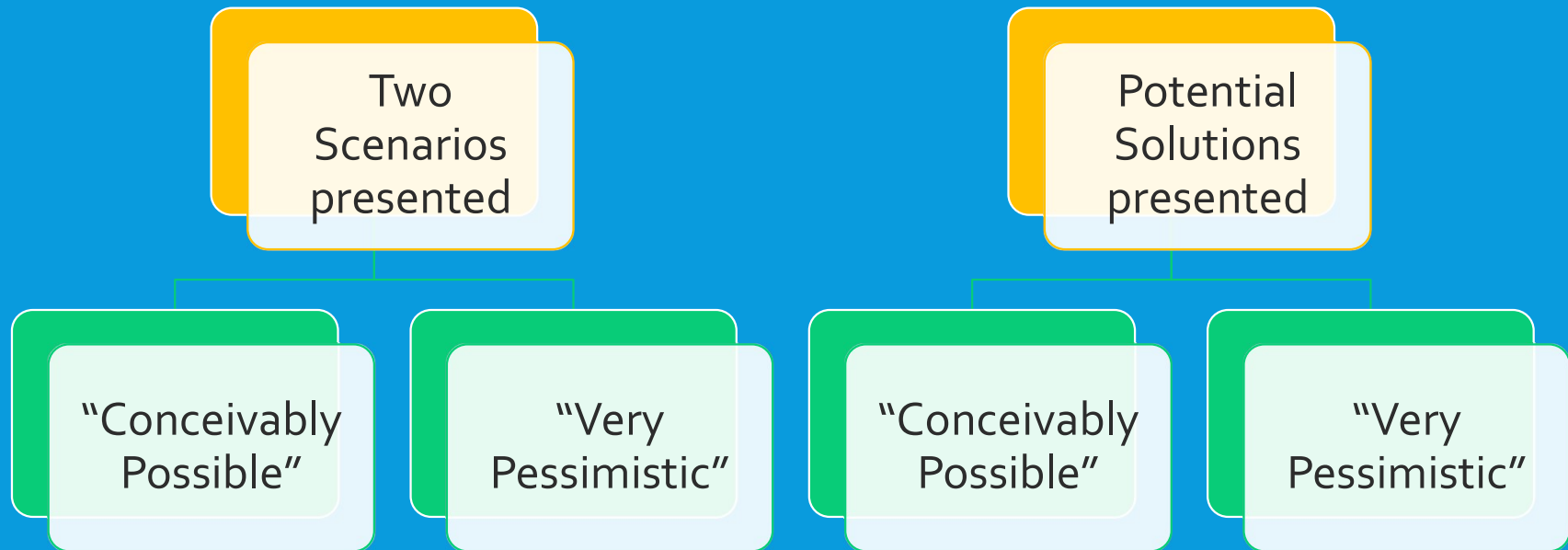
## Licenses and Permits–

- Licenses and Fees comprise 12% of General Fund Revenues
- City Budgets for only for "known" licenses
- City Budgets extremely conservatively for Building-Type Permits
- As of 5/14/20, City has reached 46% of budgeted revenues for Building-Type Permits

# MOST SIGNIFICANT OPPORTUNITIES – GENERAL FUND

- Utilize “Excess” fund balance
  - City’s Fund Balance Policy indicates that the fund balance is established to “to manage fluctuations of major revenue sources, long-term financial health as well as the ability to moderate fluctuations in tax levies and user fees.”
- Appropriately apply current year property tax receipts if receipts are substantially less than budget
  - Debt Service Fund – to remain in compliance with statutes and ensure ability to service debt
  - Capital Improvement Levy – 2020 was the first year the City included a Capital Improvement Levy in City Budget
    - Capital Improvement levy was set at \$93,000 in preparation for the necessary debt service increase associated with the 2020 Street Improvement Project
    - Capital Improvement Levy revenue was not planned to be used to support general operations
    - General Fund levy (that supports general operations) has priority level over Capital Improvement Levy

# WITH THE FORMER INFORMATION IN MIND...



## PROJECTED POSSIBLE SCENARIOS

|   | Scenario 1 - Conceivably Possible | Scenario 2 - Most Pessimistic |
|---|-----------------------------------|-------------------------------|
| 2020 Budget - Revenues                                      | \$ 2,284,823.00                   | \$ 2,284,823.00               |
| Change in Projections - Revenues                            | <u>(584,759.01)A</u>              | <u>(872,877.00)B</u>          |
| Projected Revenues  | 1,700,063.99                      | 1,411,946.00                  |
| <br>  |                                   |                               |
| 2020 Budget - Expenditures                                  | \$ 2,284,823.00                   | \$ 2,284,823.00               |
| Change in Projections - Expenditures                        | <u>(176,845.38)C</u>              | <u>(67,562.29)D</u>           |
| Projected Expenditures                                      | 2,107,977.62                      | 2,217,260.71                  |
| <br>  |                                   |                               |
| Projected Effect on Net Change in Fund Balance              | <u>\$ (407,913.63)</u>            | <u>\$ (805,314.71)</u>        |
| <br>  |                                   |                               |
| Fund Balance Jan 1, 2020                                    | \$ 1,360,915.00                   | \$ 1,360,915.00               |
| Projected Fund Balance Dec 31, 2020                         | \$ 953,001.37                     | \$ 555,600.29                 |
| <br>  |                                   |                               |
| Projected Fund Balance as a % of 2020 Budgeted Expenditures | 42%                               | 24%                           |

# SIGNIFICANT SOURCES OF CHANGE - REVENUES

| Scenario 1 - Conceivably Possible |                 | Scenario 2 - Most Pessimistic |                 |   |
|-----------------------------------|-----------------|-------------------------------|-----------------|---|
| \$                                | (333,482.00)    | \$                            | (533,571.20)    | Property Taxes                                      |
|                                   | (192,065.40)    |                               | (207,065.40)    | Parking Meters                                      |
|                                   | (34,667.92)     |                               | (48,637.92)     | Licenses (incl. Non-Commons Special Events)         |
|                                   | (5,743.73)      |                               | (23,771.24)     | Building Type Permits                               |
|                                   | (22,483.83)     |                               | (35,643.96)     | Charges For Services (incl. Commons Special Events) |
|                                   | 3,683.86        |                               | (24,187.27)     | Remainder of Cumulative Changes                     |
| <b>A</b>                          | \$ (584,759.01) | <b>B</b>                      | \$ (872,877.00) |   |

## Major Assumptions:

- Property Taxes – 75% received for Scenario 1, 60% for Scenario 2
- Parking Meters – AllYTD Revenue, \$10K per month for June – Sept, \$2K per month Oct – Dec for Scenario 1
- Parking Meters – AllYTD Revenue, \$7K per month for June – Sept, \$1K per month Oct – Dec for Scenario 2
- Licenses – 10% refund on liquor licenses, 20% of budgeted Special Event revenue for Scenario 1, no (zero) future Special Event revenue for Scenario 2
- Permits – 50% of prior year revenue for Scenario 1, 40% for Scenario 2
- Charges for Services - 20% of budgeted Commons Special Event revenue for Scenario 1, no (zero) future Commons Special Event revenue for Scenario 2
- See packet attachment for detailed line items

## RECOMMENDED SOLUTION- SCENARIO 1

Use "Excess" Fund  
Balance above Policy  
Minimum of 40% -  
\$357,689

Use reserves from  
Capital Funds or  
Transfers and/or  
Interfund Borrowing –  
\$50,000

Result – No change in Fund Balance

|            |   |  |  |  |  |  |  |
|------------|---|--|--|--|--|--|--|
| 37,581.00  | Payroll Budget reduction - no overtime or part-time staff   |  |  |  |  |  |  |
| 35,905.00  | Professional Services Reduction (Event Coordinator and Planning Consultant)   |  |  |  |  |  |  |
| 26,000.00  | Discontinue Lifeguards  |  |  |  |  |  |  |
| 24,465.03  | Reduction in Inspection Expense related to fewer permits from Prior Year  |  |  |  |  |  |  |
| 16,600.00  | Shade Tree Exp (Streets & Parks, not incl. the Water Street Tree project)   |  |  |  |  |  |  |
| 9,635.43   | 25% Reduction in Prior Year Street materials and supply expense (PATCHING and SALTING) - may not be possible, may be uncontrollable |  |  |  |  |  |  |
| 7,000.00   | No Weed Spraying  |  |  |  |  |  |  |
| 4,738.30   | Reduction in "Council" Exps (4th of July, Arctic Fever, Work Session Taping, no use of Training and Education Budget)               |  |  |  |  |  |  |
| 3,893.86   | No additional Training, Conference, School Budget for employees   |  |  |  |  |  |  |
| 11,026.77  | Remainder of Cumulative Changes   |  |  |  |  |  |  |
| 176,845.38 |   |  |  |  |  |  |  |

## POTENTIAL REDUCTIONS IN EXPENDITURES – SCENARIO 2

# RECOMMENDED SOLUTION- SCENARIO 2

Use "Excess" Fund  
Balance above Policy  
Minimum of 40% -  
\$357,689

Reduce Expenditures

Use reserves from  
Capital Funds or  
Transfers and/or  
Interfund Borrowing –  
up to \$2.5 Million

Delay planned Capital  
Expenditures

Decrease level of  
Service

Fee Increases

Short-Term Emergency  
Borrowing



# IMPLICATIONS FOR OTHER FUNDS

- Utility Funds
- Dock Fund
  - Commercial Charters
- Parking Lot Maintenance Fund
- Commons Sales Tax Fund



# QUESTIONS

## 2020 General Fund Budget Projection

|   | Projected Possible Scenarios         |                                  |
|---|--------------------------------------|----------------------------------|
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| Potential Solutions   |               |               |
|---|---------------|---------------|
| Use ALL "excess" unassigned Fund Balance above Policy minimum 40%       | \$ 357,689.00 | \$ 357,689.00 |
| Use reserves from other capital funds - Transfer or Interfund Borrowing | up to \$2.5M  | up to \$2.5M  |
| Hiring Freeze / Salary Freeze   | variable      | variable      |
| Furloughs   | variable      | variable      |
| Delay Capital Expenditures  | variable      | variable      |
| Short-Term Emergency Borrowing  | variable      | variable      |
| Decrease level of services  | variable      | variable      |
| Fee Increases   | variable      | variable      |

| Significant Sources of Change (Detail follows)  |                                   |                               |
|---|-----------------------------------|-------------------------------|
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| <b>A</b>  | <u>(584,759.01)</u>               | <u>(872,877.00)</u>           |
|   | 37,581.00                         | 37,581.00                     |
| Payroll Budget reduction - no overtime or part-time staff   |                                   |                               |
|   | 35,905.00                         | 11,790.00                     |
| Professional Services Reduction (Event Coordinator and Planning Consultant)   |                                   |                               |
|   | 26,000.00                         | -                             |
| Discontinue Lifeguards  |                                   |                               |
|   | 24,465.03                         | 14,286.70                     |
| Reduction in Inspection Expense related to fewer permits from Prior Year  |                                   |                               |
|   | 16,600.00                         | -                             |
| Shade Tree Exp (Streets & Parks, not incl. the Water Street Tree project)   |                                   |                               |
|   | 9,635.43                          | -                             |
| 25% Reduction in Prior Year Street materials and supply expense (PATCHING and SALTING) - may not be possible, may be uncontrollable |                                   |                               |
|   | 7,000.00                          | -                             |
| No Weed Spraying  |                                   |                               |
|   | 4,738.30                          | -                             |
| Reduction in "Council" Exps (4th of July, Arctic Fever, Work Session Taping, no use of Training and Education Budget)               |                                   |                               |
|   | 3,893.86                          | -                             |
| No additional Training, Conference, School Budget for employees   |                                   |                               |
|   | <u>11,026.77</u>                  | <u>3,904.59</u>               |
| Remainder of Cumulative Changes   |                                   |                               |
| <b>C</b>  | <u>176,845.38</u>                 | <u>67,562.29</u>              |
| <b>D</b>  |                                   |                               |

STAUNTONLAW MEMORANDUM

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5277 lochloy drive  
edina, minnesota 55436  
(952) 836.1020

TO: Mayor and City Council

FROM: Kevin P. Staunton  
City Attorney

RE: Salary Reductions and Donations

DATE: May 14, 2020

Council member Dierking has asked how she can go about waiving her council salary for the balance of the year and returning the amount she received for the first quarter of the year. She would also like to explore whether other council members would like to do the same thing.

The Council's and Mayor's salaries are set by ordinance. See Exc. Code § 2-33. Changing salaries, therefore, requires a change to that ordinance. Generally, such a change cannot be effective until after the next election. See Minn. Stat. § 415.11, subd. 2. Accordingly, council members cannot waive receipt of their salaries.

Council members may, however, donate their salaries to the city. Any donations to the city must be accepted by a resolution adopted by a two-thirds vote of the entire council. See Minn. Stat. § 465.03. A resolution accepting the donation from council member Dierking (less FICA withholding) has been drafted and is in the council packet on the consent agenda for the May 18 meeting.

There is a statute that permits a temporary reduction via ordinance (that would apply to all council salaries) to be accomplished via ordinance amendment and become effective immediately. See Minn. Stat. § 415.11, subd. 3. Such a temporary reduction would be effective for twelve months unless a different time were specified by the ordinance. Unfortunately, it cannot be applied to reduce salaries for some members but not others. If the council would like to pursue such an ordinance change, we can prepare it for your June 1 meeting. It would apply only to future salary payments.