

City of Excelsior
Hennepin County, Minnesota

MINUTES
CITY COUNCIL WORK SESSION

Monday, June 16, 2014

1. CALL TO ORDER/ROLL CALL

Mayor Gaylord called the meeting to order at 6:40 p.m.

Present: Councilmembers Beattie, Caron, Fulkerson, and Mayor Gaylord

Absent: Councilmember Miller

Also Present: City Manager Luger, City Attorney Staunton, Finance Director Tumberg, Public Works Superintendent Wisdorf and City Clerk Johnson

2. AGENDA APPROVAL

Caron moved, Fulkerson seconded, to approve the agenda. Motion carried 4/0.

3. 2015 PRELIMINARY GENERAL FUND BUDGET

Tumberg presented the 2015 Preliminary General Fund Budget. Questions that staff needs direction on from the Council are:

- What levy amount is the Council comfortable with for the 2015 budget?
- Should an additional levy amount be included to prepare for the Phase III Street Project? When does the Council want this project to occur?
- Should staff research a potential Event Coordinator position or contract?
- Should staff research the possibility of adding an additional Parks employee?
- Should staff be more aggressive with revenue estimates? Specifically, building, mechanical and plumbing permits, plan check fees and parking meter revenues.
- Should staff include an increased level of funding for the Southshore Center?
- Should staff include an increased legal budget for potential legal cases related to proactive code enforcement?

Tumberg said these issues were not factored into the 2015 budget. Tumberg said the City is at a 3.43 percent increase in the levy, not considering the items listed. Luger said the police budget was at 4 percent in the City's preliminary budget and the actual Police preliminary budget is now at 3.4 percent. Luger asked if the Council has a levy amount in mind. Fulkerson said 3.43 percent is too high.

3. 2015 PRELIMINARY GENERAL FUND BUDGET - *Continued*

Regarding the Southshore Center, Beattie asked if this amount included in the preliminary budget is sufficient to cover operations. Tumberg said no. Luger said Southshore Center's annual deficit is \$60,000-70,000 per year and the best case scenario would have Excelsior contributing about \$25,000.

Mayor Gaylord said the levy started out with 3 percent last year. Luger said staff is looking for the Council's preliminary feedback. She said some of the items that are less significant could be taken out. Luger said staff can provide a list for the Council at the next meeting of items that were taken out. Luger said the City may not be able to do both Southshore Center and also Proactive Code Enforcement.

Mayor Gaylord said the Police Department budget is based on employment costs. Caron said it is over \$500,000. Fulkerson commented that the salary increases are high and questioned the City Planner's market rate adjustment. Luger said the City Planner's salary was discussed last year. She said the amounts listed were discussed at that time for 2014 and 2015. Luger said there is no obligation to make an increase, and that this is optional. Luger said the salary study will be coming out soon. Luger said it's up to the Council whether or not they want this to be competitive. Beattie said Smith appears to be a good candidate. Luger said if the salary is too low, it will encourage people to look for positions elsewhere. Luger said it wasn't in his offer letter to meet market rate. Fulkerson said the market and the economy is changing but said this seems like a large percentage increase in salary.

Mayor Gaylord said he would like the 3.43 percent increase to be less. Caron asked what year the Phase III Street Project is planned for; Tumberg said 2016. Tumberg said a large portion in the increase of the 2014 levy was to go towards the Phase III Street Project but much of this increase is going to other items. Tumberg said the City needs to prepare for the costs if they want to continue the pavement management plan. She said the final numbers from last year included a negative contingency for the sales tax exemption. Mayor Gaylord asked if the 2 percent increase in the 2015 levy for the street improvement project is in addition to the 3.4 percent. Tumberg said yes.

Luger said the City has been budgeting conservatively for revenues. She said the risk is whether or not Excelsior will keep growing as it has been or if it will plateau. Luger said that staff can put together some recommendations for the Council. Caron said she's not comfortable with what's been happening. Mayor Gaylord said there should be something to offset the increase in expenses.

Caron said, if some of the larger projects happen, there could be significant income. Tumberg said the City has a 59 percent fund balance to help cushion the City's finances if the City experiences a rough year. Tumberg also said that future major capital projects could be delayed further out. Tumberg said \$300,000 was transferred out of the fund balance in 2013. Fulkerson said that the auditors have always commented on the larger cushion that Excelsior has had in the fund balance. Tumberg said that extra fund balance would really help the City if needed and is not atypical for smaller communities.

3. 2015 PRELIMINARY GENERAL FUND BUDGET - *Continued*

Caron asked if the City could transfer more out of the dock funds at this time. Tumberg said it's an option. Beattie asked how much could be transferred. Tumberg said she will put together information for the Council.

Caron asked where the parking meter revenue goes. Luger said this revenue goes into the General Fund. Caron asked if an adjustment was made to the General Fund. Tumberg said it's similar to building permits and that the City could get more aggressive on this.

4. ADJOURNMENT

Beattie moved, Fulkerson seconded, to adjourn at 6:57 p.m. Motion carried 4/0.

Respectfully submitted,

Shirley Johnson
City Clerk