

City of Excelsior
Hennepin County, Minnesota

MINUTES
EXCELSIOR CITY COUNCIL WORK SESSION

OCTOBER 6, 2014

1. CALL TO ORDER/ROLL CALL

Mayor Gaylord called the meeting to order at 6:05 p.m.

Present: Councilmembers Beattie, Miller, and Mayor Gaylord

Absent: Councilmembers Caron and Fulkerson

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

2. AGENDA APPROVAL

Miller moved, Beattie seconded, to approve the agenda. Motion carried 3/0.

3. REVIEW 2015 PRELIMINARY SPECIAL REVENUE, DEBT SERVICE, CAPITAL PROJECT AND ENTERPRISE FUND BUDGETS

Tumberg presented the 2015 Preliminary Special Revenue, Debt Service, Capital Project and Enterprise Fund Budgets. Tumberg said that the parking lot maintenance fund hasn't changed much. She said that last year, the City had a reduction in interest credit from the Federal government for the Build America bonds issued in 2010. Tumberg said the first year was approximately \$1,200 and lessens over time as the City pays down more principal. She said that she hasn't heard whether this has been extended into 2015 but she is factoring it in as if it is. Tumberg said that the City must have 110 percent of next year's bond payments in the fund and said the City is well ahead of that. Tumberg is proposing no changes to the debt service fund.

For the enterprise funds, Tumberg said the long term financial plan set rates for the next ten years. Tumberg said she is proposing a two percent increase for both the street lighting and surface water quality charges this year. Mayor Gaylord said two percent, or .75 cents per quarter, doesn't seem to be a worthwhile raise and suggested five percent. Mayor Gaylord asked how much five percent would net. At two percent, Tumberg said surface water is approximately \$3,000 and street lighting is approximately \$1,100. Beattie asked about current fees. Tumberg said surface water quality is \$28.01 per quarter but said that commercial properties are different. She said street lighting is \$9.42 per quarter. Tumberg said that the funds don't need to be raised substantially but should be raised somewhat.

Mayor Gaylord suggested that staff add a tutorial to the City's website for customers to better understand their utility bill. Luger and Tumberg agreed that this is a good idea.

3. REVIEW 2015 PRELIMINARY SPECIAL REVENUE, DEBT SERVICE, CAPITAL PROJECT AND ENTERPRISE FUND BUDGETS - Continued

Tumberg provided the Council with a spreadsheet of utility rates from surrounding cities. Tumberg said she initially included trash service and annual cleanup events in the spreadsheet but, since most of the other cities don't have these services, she took these charges out of the spreadsheet. Tumberg stated that a lot of these cities weren't anywhere near Excelsior's costs a couple of years ago, but they have now caught up and are comparable. Tumberg believes Excelsior's funds are in a healthy position.

Beattie asked why so many cities are listed with no sewer use rate on the spreadsheet. Tumberg said Excelsior's sewer usage is based on the winter month's usage and some cities use a flat rate instead of making that calculation and helps keep flow down, which keeps Met Council fees lower. Tumberg said this use charge makes customers aware of how much they are using.

Tumberg said that water rates were increased by two percent in 2014, so the City is not increasing these rates for 2015. She said this fund is in a decent position. Tumberg also said that the City was looking at doing a \$300,000 transfer last year but the Water Access Charge (WAC) connection charges have made it unnecessary to do that. Tumberg said this fund is doing better.

Tumberg said the sewer fund is still in a good financial position. She said that the Met Council's wastewater charges went up 21.3 percent for 2015. Over the last two years, Tumberg said Excelsior went down by about the same amount but is going back up this year, so the City is at about where it was in 2012. Wisdorf said the Met Council has started their second round of surcharge amounts and the City is fighting it. Wisdorf said the City's monthly payment is 25 percent more than the overall surcharge for the City. Luger said that a lot of cities are frustrated with the Met Council and that many are fighting these surcharges. She said Excelsior has put in hundreds of thousands of dollars worth of improvements but the City is still issued penalties.

Miller said he thought the main issue was that some property owners were directing their gutters into the sewer line. Wisdorf said it depends on the age of the buildings and where they are located. He said they conducted smoke tests and found that some of the building downtown have their stormwater line connected to the sanitary line. Wisdorf said they did smoke testing in 2010 and 2011 near Linwood Avenue and First Street and found a lot coming out into the yards. Wisdorf said the major concern is the condition of home service lines but that these lines haven't been addressed as problems. On George Street, Wisdorf said about 10-15 percent of the line being used in the 1930's or early 1940's was basically rolled up tar paper, which still works but eventually has become egg shaped. Wisdorf said all of the main lines are clay but the private lines are of concern. He said this is an area that the City will be looking at but is something that the Met Council has ignored.

Wisdorf said that the City has two meter sheds where the flow is measured before it is pumped out of town to the lift station. He said that the Met Council reads these

3. REVIEW 2015 PRELIMINARY SPECIAL REVENUE, DEBT SERVICE, CAPITAL PROJECT AND ENTERPRISE FUND BUDGETS - Continued

meters through storm events and, if the City doesn't go above a specific level, then it's fine. However, if the levels rise, the City is penalized with a surcharge. He said Excelsior went over the limit due to large amounts of rain on April 27, June 1, and June 19, 2014.

Miller asked if any cities require inspections on private service lines. Wisdorf said Golden Valley requires inspections. Mayor Gaylord said it would be helpful to have the information on Golden Valley's process.

Since 2010, Wisdorf said that most property owners who demolish and reconstruct a house in Excelsior bring a new service line out to the road or property line. At that time, Wisdorf said the line coming off of the main line is also inspected. Beattie asked if it is required to change the materials, if poor materials are found; Wisdorf said no. Wisdorf said that, for sanitary reason, cameras are put in these lines to make sure there no gas line problems.

Going forward, Tumberg stated that the City needs to curb the Met Council's ups and downs and should budget on the high side to stay ahead of increases like these. She said there is no change or increase to fees for solid waste and trash recycling services. Tumberg said that the street lighting fund is very similar to the previous year, with the exception of the two percent increase in service fees.

Tumberg stated that the Council had previously decided to do an additional \$30,000 transfer from the docks fund to the General Fund and asked where the Council would like those funds to come from. She said it could come from either the commercial docks or the residential docks, or a combination of the two. Mayor Gaylord said it would make sense to proportion from each category. Mayor Gaylord also asked when the residential dock rates will increase. Tumberg stated that she is looking for preliminary direction on this from the Council. Miller said the minimum boat size for dock rental was increased in 2014 and suggested increasing it again to a 20 foot boat. Mayor Gaylord said there are approximately 100 people on the dock waiting list. Beattie said commercial rates are about \$198 per foot. Mayor Gaylord suggested using a flat rate of \$2,400. Luger said there was quite a turnover this year, so the information given to the Council previously on the size of boats renting at the docks may have changed. Tumberg said she will provide an updated list for the Council. Mayor Gaylord said this is an easy way to help offset a small percentage of levy increases. The Council agreed that they would like to see an updated chart on boat sizes for dock lessees in 2014. Tumberg said that dock renewals are due the beginning of January 2015.

Mayor Gaylord asked if there is anything that can be done with the number of birds near the docks. He believes this is basic dock management and suggested a sonic device product called Bird-Be-Gone. He said he can send this information to staff and stated that it is about \$300 and covers a large radius. Wisdorf said staff will look into it. The Council asked about geese in The Commons. Wisdorf said that a spray could be put on the grass but that it is very expensive and doesn't last long if there is a lot of moisture.

3. REVIEW 2015 PRELIMINARY SPECIAL REVENUE, DEBT SERVICE, CAPITAL PROJECT AND ENTERPRISE FUND BUDGETS - Continued

Luger said that the commercial docks are also up for renewal and asked if the Council has any direction for staff. She asked if the Council is okay with doing a Consumer Price Index (CPI)-based increase in rates again or if a more aggressive approach should be negotiated. Beattie asked if commercial dock renters will look for other alternatives if the City is more aggressive. Mayor Gaylord asked about revenue sharing. Miller said it may drive commercial dock renters away. Miller commented that the City previously lost transient boats when the transient fees were raised. He also stated that it's difficult for the bigger boats to find a place to embark. Miller said he is okay with negotiating increases based on CPI and asked about the term. Wisdorf said he thinks it is three years. Miller said an escalator could be added. Beattie said the City should keep it at CPI this year, especially with the season being as bad as it was. Beattie said the charter boats were just sitting the last few weeks. Miller said the owner of the Queen of Excelsior has more customers on the St. Croix this year. Miller said the City should continue the CPI or slightly above and have the escalator be CPI, with a possible three or four year term.

Miller asked if the City's levy increases have been less than the CPI over the last few years; Tumberg said overall, no, but yes for operations. Beattie said we shouldn't be too aggressive with the commercial boats. Miller said a one time bump slightly above the CPI, with an escalator, would be reasonable.

The Council agreed to 50/50 split between the residential and commercial docks for the additional \$30,000 transfer. Miller said it would upset less people if more came out of the Commercial Dock Fund. Mayor Gaylord asked Miller why he thought they would be upset. Miller said he believes there is a notion for a lot of people that they shouldn't be paying towards the General Fund. Miller said, in order to minimize upsetting that group of people, the City should take more out of the Commercial Dock Fund. Tumberg said that the percentage information doesn't necessarily need to be on the dock application. Miller and Beattie agreed that most people want to know where their money is going so this information should be kept on the application.

Tumberg said that the Surface Water Management Fund charges are proposed to increase two percent in 2015, if the Council is in agreement. She said that not much else has changed, except for the depreciation to this fund. Tumberg said that the capital project funds include projects that the Council has scheduled. She said she has included copies of the most recent update for the Council. Tumberg said there is also a listing of items in the Council's packet that are not currently in the Capital Improvement Plan (CIP) and don't have a funding source. She said these items could be added in somewhere but that she would need direction from the Council if any of these items should be included in the actual funded CIP. The Council agreed to leave these items where they are.

Miller commented that it's great that the City doesn't have an increase to sewer and water fees.

4. ADJOURNMENT

Beattie moved, Miller seconded, to adjourn at 6:52 p.m. Motion carried 3/0.

Respectfully submitted,

Shirley Johnson
City Clerk