

**CITY OF EXCELSIOR
Hennepin County, Minnesota**

MINUTES

**City Council Work Session
Monday, October 4, 2010**

5:30 p.m.

1. Call to Order/Roll Call

Mayor Ruehl called the meeting to order at 5:35 p.m. Council members present: Berghorst, Caron (arrived at 5:45 p.m.), Fulkerson, Miller (arrived at 6:00 p.m.), and Mayor Ruehl. Also present: City Manager Luger, Public Works Superintendent Wisdorf, Finance Director Carlson, and City Clerk Johnson.

2. Agenda Approval

Berghorst moved, Fulkerson seconded, to approve the meeting agenda as presented. Motion carried 3/0.

3. 2011 Enterprise Fund Budgets

Carlson reviewed the format for the Enterprise Fund Budgets. She explained the difference between the fund balance and cash balance. She said that the cash balance is what is currently in the checking account and the fund balance accounts for all assets and liabilities. She said the cash balance in the Enterprise Funds should equal approximately 3 months of expenses.

Carlson said the revenues in the Water Fund to date are lower than expected, which may be due to more rain this summer than last year. The implementation of the water conservation rates for 2010 may also have impacted revenues. She plans to do a comparison between the gallons of water used this year against last year's data. The Council also asked Carlson to do a random fee analysis of several accounts for each customer type.

Carlson said that the 2011 Water Fund Budget includes a 2.5% increase to the water rates. She said that she believes the revenues from commercial accounts dropped more than anticipated with the water conservation rates. She will be doing an analysis on the different types of accounts to see which accounts need to have rates adjusted. Fulkerson and Caron said they are not in favor of raising the water and sewer rates for 2011.

Carlson said that there are currently three departments in the Water Fund: Generation, Distribution, and Administration. Staff is proposing to combine the Generation and Distribution into one department. The Council said they had no objection to combining the two departments.

Carlson said she would like to begin reducing the transfers from the Enterprise Funds to the General Fund. By doing an annual decrease, the General fund can gradually adjust to fewer transfers. The Council stated that the transfers

3. 2011 Enterprise Fund Budgets – (Continued)

from the Enterprise Funds to the General Fund help offset the lack of funding from non-taxable properties. The Council asked staff to provide an analysis on how decreasing the transfers would impact the Enterprise Funds and the General Fund.

Carlson reviewed the Sewer Fund. She said that there is no rate increase proposed in the Sewer Fund for 2011.

Carlson reviewed the Solid Waste Fund. She said that the City's contract with Allied Waste has a 5% increase in the residential refuse rates for 2011, so this increase was incorporated into the Refuse Budget. Fulkerson suggested that the City absorb a portion of the increase as long as the City's refuse costs were not increasing.

Carlson reviewed the Street Lighting Fund. She said that the Street Lighting fund has a 10% rate increase incorporated into the budget. The increase will allow for additional capital expenditures.

Carlson reviewed the Parking Meter Fund. She said that the City collected more revenues in 2010 than in 2009. She said this account is used to record the revenues from the parking meters. The money is then transferred from the Parking Meter Fund into the General Fund to be used to help defray the costs for maintaining the parks. Carlson said she would recommend that the Council close out the Parking Meter Fund and record the revenues in the General Fund. The Council said they would prefer to keep the Parking Meter Fund open until a decision is made with regard to the downtown parking.

Carlson reviewed the Parking Lot Maintenance Fund. She said that the 2011 budget reflects the 2011 rate increase, which the Council already approved. She stated that part of the cash balance is reserved for future improvements and maintenance.

Carlson reviewed the Dock Fund. She said that a 5% rate increase was incorporated into the Residential Dock Budget to keep in line with the policy that the Council adopted in January 2010. With the current fund balance in the Dock Fund, the City may be able to accomplish the dredging and building the 5th dock and the Hidden Lane dock without borrowing from other funds.

Carlson reviewed the Surface Water Fund. She said that the cash balance in this fund is insufficient. She has been made aware that there are a lot of issues with the storm water infrastructure that will need to be addressed. The Council stated that they would like to have a discussion on the appropriate cash balance for each of the Enterprise Funds.

4. Long Term Financial Plan for Enterprise Funds

Carlson reviewed the Long Term Financial Plans for the Enterprise Funds. She identified the assumptions that had been incorporated into the Long Term Financial Plans with regard to rate increases, bonding for current and future improvements, and everyday expenditures.

The Council requested that a title be placed at the top of each page in the Long Term Financial Plan to identify the spreadsheet.

5. Other Business

None

6. Adjournment

Berghorst moved, Caron seconded, to adjourn the meeting at 6:56 p.m.
Motion carried 5/0.

Respectfully submitted,

Cheri Johnson
City Clerk