

**CITY OF EXCELSIOR
Hennepin County, Minnesota**

MINUTES

City Council Work Session

**Monday, November 15, 2010
6:30 p.m.**

1. CALL TO ORDER/ROLL CALL

Mayor Ruehl called the Work Session to order at 6:34 p.m.

Council Members Present: Berghorst, Caron (arrived at 6:36 pm),
Fulkerson, Miller (arrived at 6:43 pm), and
Mayor Ruehl

Also Present: City Manager Luger, Finance Director Carlson,
and Public Works Superintendent Wisdorf

2. AGENDA APPROVAL

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

3. 2011 ENTERPRISE FUND BUDGETS

Carlson presented the Surface Water Quality Management Fund Budget and explained the rationale behind the 10% rate increase. She also presented the Comparison of Impact to Property Owner for Utilities and Property Tax. The proposed Surface Water Quality Management fee increase would cost the average homeowner 77 cents per month.

Carlson presented the Dock Funds which included a 5% rate increase.
Fulkerson asked if an increase to the dock rates is necessary.

The City Council discussed how Excelsior's dock rates compare to other cities and private marinas. Carlson reminded the Council that they agreed not to set the dock rates based on the market rate.

Carlson mentioned that the Council had discussed building a reserve in the Dock Funds, which would be set by depreciation. The 2011 proposed budget includes depreciation of \$25,000 for the docks.

Caron asked how much money the City needs for repairs and maintenance; Carlson explained that the City needs to budget money for dock replacement in addition to repairs and maintenance. Caron stated that she disagreed with basing the depreciation amount on replacement costs since the City rarely replaces an entire dock, instead the City replaces sections of a dock.

Minutes
City Council Work Session
November 15, 2010
Page 2

Miller stated that from an accounting perspective the depreciation method is logical and will work out with all of the repairs. Caron commented that budgeting \$25,000 seems high especially if the City replaces sections of the docks each year. Wisdorf mentioned that the two wings of the transient docks were \$14,000.

Fulkerson commented that the expenses for the transient dock should be kept separate from the other dock funds. Carlson explained that the transient dock cannot support itself financially because it does not have a revenue source.

Mayor Ruehl stated that it is a guess as to when the docks will need to be replaced. Carlson said that it would be prudent for the City to fund the new docks through the Dock Fund and not borrow from other funds; the Dock Fund is still repaying money that was borrowed from other funds.

Caron expressed a general discomfort with the amount budgeted for capital. She questioned what the appropriate amount should be.

Carlson explained that the 5% increase is necessary in order to fund the new docks from the Dock Funds and not borrow from other funds. Caron said that she was not in favor of raising the rates. Mayor Ruehl thought the City Council was moving toward a reserve goal of \$300,000.

Miller believed that the City Council had set a reserve goal to help take some of the politics out of setting the dock rates. Caron asked why the City needs an additional \$5,000 for the docks; Miller explained that the additional money helps build the reserve. Mayor Ruehl stated that he would like to see a minimum increase of 3%.

The City Council agreed to schedule a work session in the future to further discuss the 2011 dock rates.

4. OTHER

None

5. ADJOURNMENT

Fulkerson moved, Caron seconded, to adjourn the meeting at 7:00 pm.
Motion carried 5/0.

Respectfully submitted,

Kristi Luger
City Manager