

**CITY OF EXCELSIOR  
Hennepin County, Minnesota**

**MINUTES**

**City Council Work Session  
Monday, May 16, 2011  
5:30 p.m.**

**1. Call to Order/Roll Call**

Mayor Ruehl called the meeting to order at 5:58 p.m.

Council members present: Fulkerson, Miller, and Mayor Ruehl

Council members absent: Berghorst and Caron

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

**2. Agenda Approval**

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

**3. Review/Update the Capital Improvement Plan**

Carlson said that staff has added and estimated costs for each of the items that the City Council identified at a previous Work Session. Carlson asked the Council to focus on the items identified in years 2011 and 2012 for tonight's discussion. Carlson noted that the parking lot numbers have been removed from the Capital Improvement Plan (CIP), but a placeholder was left in the plan. Carlson said that if there are bond monies left over from the street project the funding may be able to be used for the Third Street fire lane.

Mayor Ruehl asked for an update on the grant funding from the Minnehaha Creek Watershed District. Wisdorf said that the City received money for the stormwater improvements for Bell Street and may be able to apply for additional funding for the Third Street fire lane.

Carlson said that the earliest the City Hall/Library remodeling would occur would be in the year 2012. Wisdorf said it is difficult to know exactly how much the remodeling will cost until the Council decides what it wants done. The cost in the CIP was arrived based on a remodeling job he was involved in where he worked previously.

Mayor Ruehl asked if the Council has discussed what will be done with the City offices. Luger said that this is on the Council's list of items for discussion at a future work session.

### **3. Review/Update the Capital Improvement Plan – (Continued)**

Carlson said that the Bandshell and Port building were moved to 2012. Wisdorf said that the costs for these items in the CIP does not take into consideration any money that may be raised through fundraising efforts.

Carlson said that most of the new projects that were added to the CIP since the last discussion are for The Commons. She said the Council could discuss these projects in conjunction with discussions of a local food and beverage sales tax.

Mayor Ruehl said that the timeframes seem too aggressive because it will take some time to accomplish the planning. Carlson said that she would like to see these items remain in the CIP so that the discussions begin. Mayor Ruehl suggested that planning dollars be placed in the CIP in the year prior to the project.

The Council directed staff to move the Third Street Pump Station, City Hall/Library Remodel, Bandshell, and Port Building Projects out into 2013 and incorporate some funding in year 2012 for the planning and design work for these projects.

Carlson said that an irrigation system for The Commons was in year 2013, but this could be incorporated with the hotel project.

Carlson said that staff will make the updates that the Council identified. She noted that the Council will review the CIP again during the 2012 budget discussions.

### **4. GASB 54 Statement Compliance**

Carlson said that GASB 54 is a new government reporting standard that is intended to improve the usefulness of the amount reported in fund balance by providing more structured classifications and also clarify the definition of governmental fund types. In practice many governments have interpreted the governmental fund types in different ways, particularly special revenue funds. GASB 54 is effective for periods beginning after June 30, 2010, so Excelsior's 2011 Financial Statements must be presented in conformance with the new standard.

Carlson said under current practice, fund balances are either classified as "reserved" or "unreserved". The unreserved balance can further be classified as "designated" or "undesignated". Fund balance will be displayed in the following classifications depicting the relative strength of the spending constraints placed on the purposes for which resources can be used: Nonspendable Fund Balance; Restricted Fund Balance; Committed Fund Balance; Assigned Fund Balance; and Unassigned Fund Balance.

#### **4. GASB 54 Statement Compliance – (Continued)**

Mayor Ruehl asked if there are any limitations or dollar amounts for any of these fund balance classifications. Carlson said no. Mayor Ruehl asked if GASB 54 is being implemented so everyone is reporting the same way. Carlson said yes.

The Council and Carlson discussed the Self Insurance Fund. Carlson said that she would recommend closing this fund and moving the money to the General Fund as committed or assigned dollars and once the target balance is reached the City would not place additional funds into the Self Insurance.

Mayor Ruehl asked what the fund balance should be for the Self Insurance Fund. Carlson said between \$100,000 to \$200,000. The Council should identify the level for the target balance.

The Council agreed with the staff's recommendation to close the Self Insurance Fund and move the funding to the General Fund with the money committed for Self Insurance expenditures. The Council and staff discussed the costs for previous court cases. The Council suggested that staff bring back a recommendation on the target balance for this item.

The Compensated Absences Fund was discussed next. Carlson said that the Compensated Absences Fund cannot be left as a special revenue fund because it is only funded from transfers. Carlson said she would recommend closing this Fund and putting the money in the General Fund and show it as committed. Then each year she can calculate and set aside the dollars that are needed to cover the City's liability. The Council agreed with Carlson's recommendation.

The Special Purpose Fund was discussed next. Carlson said the Special Purpose Fund should be closed and suggested that the City Council discuss what the money would be used toward. The money can be moved to the General Fund and assigned for capital projects, or a capital fund can be setup for a project, or the money can be moved to the Public Works Capital Fund.

Fulkerson said that the City's Audit showed the General Fund having a 57% fund balance at the end of 2010. Is the money in the Special Purpose Fund factored with the General Fund? Carlson said no.

Miller asked if there is money assigned to a particular item in the General Fund, will that money be included in calculating the fund balance level. Carlson said that GASB 54 isn't very clear on this, and the State Auditor hasn't released guidance for fund balance calculations.

**4. GASB 54 Statement Compliance – (Continued)**

Carlson suggested moving the money out of the Special Purpose Fund and putting it into a capital fund. The City's CIP would then be used to identify what projects the funding will be used towards.

Miller said the City should have a new capital projects fund and use the same policies that the City has now for the Special Purpose Fund. Carlson said it is not a good practice to transfer money from a capital fund and put it into the General Fund.

The Council and staff discussed what could be done to cover revenue for the General Fund if any of the buildings were vacant that the City leases for any length of time if money can't be transferred out of the capital fund into the General Fund. It was suggested that all of the rent money be placed in the General Fund, then the City could transfer a percentage of the rents into the capital fund and also assign a certain percentage of the dollars to cover loss of future rents.

The Council and staff discussed the Public Works Capital Fund. Carlson recommended that the Council merge the Public Works Capital Fund and the Revolving Fund and rename it the Revolving Capital Fund. This fund could then become a savings account for future capital projects. The Council agreed with the recommendation.

Due to time constraints, the discussion on the other funds was continued to a future Work Session.

**5. Other**

None.

**6. Adjournment**

Fulkerson moved, Miller seconded, to adjourn at 6:55 p.m. Motion carried 3/0.

Respectfully submitted,

Cheri Johnson  
City Clerk