

**CITY OF EXCELSIOR
Hennepin County, Minnesota**

MINUTES

City Council Work Session

Monday, June 4, 2012

1. Call to Order/Roll Call

Mayor Ruehl called the meeting to order at 6:06 p.m.

Councilmembers present: Fulkerson, Miller (arrived at 5:43 p.m.),
Olson, and Mayor Ruehl

Councilmembers absent: Caron

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

2. Agenda Approval

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

3. Review 2013 Preliminary General Fund Budget

Tumberg stated that staff has been preparing the preliminary 2013 budget for the past several weeks and has developed the first draft for the Council's review. She noted that this budget is drastically different than the past couple of years as a direct result of the difficult decisions the Council made with regards to reorganizing City Hall and the reprioritization of City services. These tough decisions have placed the City in a very positive position with respect to the City's budget and levy forecasts for 2013.

Tumberg noted that there are still some areas of the budget that may be affected going forward. A few of these items include: the volatility and unreliability of building permit revenue and expense, possible additional reporting requirements (per the Charter Commission's request), the South Lake Minnetonka Police Department's budget, and the unknown future of the Financial Services Contract with the City of Shorewood.

The preliminary 2013 budget reflects a 0% increase in the City's levy. Staff has reviewed every line item and believes that this budget is reasonable and attainable. There are three major revenue factors contributing to the 0% levy increase. The Charges for Services revenue category includes such things as park grounds rental, garden plot rental and parking meter

3. Review 2013 Preliminary General Fund Budget – (Continued)

revenue. In the 2012 budget the line item 'Park Vendor Lease Agreement' should have also been included in charges for services but was overlooked. This line item has been included in the 2013 revenue estimate which accounts for \$5,300 of the increase in charges for services. The remaining increase in charges for services is largely due to an increase in the parking meter revenue, which more accurately reflects actual revenue trends over the past few years.

The use of Fund Balance is for designated reserves to fund severance pay for the planned retirement of the City Clerk in 2013. There is currently \$111,011 in the General Fund which has been reserved specifically for compensated absences. Mayor Ruehl asked if this is factored into the General Fund balance. Tumberg said no; none of the reserved balances are factored in.

Tumberg stated that in the past the City has budgeted property tax revenue based on the assumption that the City will collect 100% of its levy amount in the year budgeted. Actual history for the City's levy and property tax revenue show that the City receives closer to 99% because of tax delinquencies. The 1% amounts to approximately \$11,500, which could have a drastic impact on the City's bottom line. The 99% amount is what is reflected in the 2013 preliminary budget.

Tumberg reported that staff has developed a preliminary General Fund budget which results in a General Fund budget increase of 0.85% or \$15,310. Some of the line items that were increased in the 2013 preliminary budget include: general wages, legal fees, assessment services, public safety, building inspections, and engineering. The 2013 preliminary budget also include a contingency expense for the City Clerk's planned retirement and an 8.5% increase in health insurance costs.

Tumberg said after factoring in the increase in revenues and the slight increase in expenses, the bottom line of the 2013 preliminary budget results in a net income of \$15,697.

Luger said that if the City Council is interested in utilizing net income to restore funding to line items that have been reduced since 2009, now might be a good opportunity to do so. Some items that the Council may want to consider increasing are City Council training, staff training, funding a paid intern, or reinstating the swimming raft.

Mayor Ruehl said that when the City cuts expenses or doesn't increase the budget; it's difficult to get those items back. If there are some items that the City needs or should do, these items should be included in the budget. He would also like to see funding in the budget for the South Shore

Community Center. There are a large number of people from the City who use the facility and the City should help support it. He asked staff to look at the funding formula that was used in prior years. He noted that assuming things work out well in the City offices and the staffing is good; the reorganization was a smart move.

Fulkerson said the City still has a fairly high fund balance. Tumberg said that the fund balance is probably at around 58% without the reserved amounts. Miller said it's not a bad idea to be in a more conservative position. He's comfortable with keeping the fund balance at its current level.

Mayor Ruehl said it's good to know that the City's leases have been renewed for at least another year. At this point, he would advocate for year-to-year leases until the City decides what it is going to do with the City Hall.

Fulkerson said she likes seeing the 0% increases, especially with some of the other projects that the City may have coming forward.

Luger said that if there are any line items that the Council thinks should be reviewed, please let staff know.

Mayor Ruehl said that training for employees was cut significantly and should be brought back; a paid intern for specific projects would also be nice to have. He does not want the swimming raft brought back.

Fulkerson said she would like to see the hours increased for the lifeguards instead of bringing back the swimming raft.

Mayor Ruehl said he is requiring that the police establish a building fund to cover the larger maintenance items and to start put funding aside.

Overall the Council was impressed with the preliminary budget and pleased that the City may be able to restore some of the items that have been cut.

4. Review/Update Long Term Financial Plan and Capital Improvement Plan

Luger said that staff is looking for input from the Council on what projects they would like to see completed in 2013. She noted that staff has received an estimate from Metropolitan Council of Environmental Services (MCES) for the force main project and the City's portion is estimated to be around \$600,000.

Mayor Ruehl asked Wisdorf if the City Engineer and he have reviewed the costs. Wisdorf said not yet. Luger said that the City Engineer thought the costs were very favorable.

4. Review/Update Long Term Financial Plan and Capital Improvement Plan – (Continued)

Luger stated that some of the projects listed in 2012 may need to be delayed to 2013 and some projects listed in 2013 may need to be delayed to 2014.

Fulkerson asked for an update on the St. Alban's Bay Bridge. Mayor Ruehl said the bridge is eligible for historic designation and there has been some preliminary discussions regarding this. The City needs to know if the bridge is going to be designated historic, because there are different funding sources if the bridge is historically designated. Luger said that the City is waiting for the paperwork on the rating of the bridge.

Mayor Ruehl said it would make sense to tie the cost for the bridge into the bond for the MCES project. Mayor Ruehl said the bridge work should be put in 2014, but there should be some money in the 2013 budget for design work.

Miller said with bond rates as low as 1 ½% for 10 years, the City should seriously consider doing some of these projects. The City could establish a program where it agrees to match dollar for dollar on donations. He noted that the City of Shorewood recently loaned money to the Excelsior Fire District to purchase a truck. It's possible that the City of Shorewood may have some funding that they would be willing to loan to the City of Excelsior at a lower rate than bonding.

Olson said without a vision the City may have a difficult time getting people to donate money. Once the City comes up with an overall vision, the City should go to donors and sponsors and then as a last resort use bonds. He is excited about the bond rates, but that is the last option he would use.

Miller said that if the City has a plan in place for next year, the City should get the bonding in place this year. It's his hope that the City will identify some revenue sources through the Sandall Marketing Study. He thinks people will be willing to donate once there is a plan in place.

Mayor Ruehl said that maybe the City should raise the levy a couple percentage points and start setting aside funding for the next bond issue. Luger suggested that staff run an analysis on this.

The Council and staff reviewed the list of projects. Luger suggested that the City may wish to consider installing a mausoleum in Oak Hill Cemetery.

4. Review/Update Long Term Financial Plan and Capital Improvement Plan – (Continued)

Mayor Ruehl said that the City should put funding into the long term plan for cemetery improvements. There is probably \$100,000 to \$150,000 worth of work that needs to be done.

The Council identified projects that should be moved from 2012 to 2013 and 2013 to 2014.

5. Other

None

6. Adjournment

Fulkerson moved, Olson seconded, to adjourn at 6:45 p.m. Motion carried 4/0.

Respectfully submitted,

Cheri Johnson
City Clerk