

City of Excelsior

Charter Commission

Minutes

Wednesday, May 4th, 2011

1. Call to Order

Chairman Lloyd Bratland called the meeting to order at 6:03 p.m.

2. Roll Call

Charter Commissioners present: Chairman Bratland, Finch, Hartwich, Harrod, Leafer, Thompson, Bolles, Crow, Brokaw, Fulkerson, Norman, Mueller, Viesturs .

Charter Commissioners absent: Caron and Wilson

3. Agenda Approval

Harrod moved to add time to Old Business to discuss information pertaining to the budget that was published in the Lakeshore Weekly.

Seconded by Leafer. Motion passed unanimously.

4. Approval of Minutes – April 14, 2011

Finch moved and Crow seconded to leave the minutes open until next meeting so all commissioners can submit changes. Motion passed unanimously.

5. Public Comments

No comments offered.

6. Old Business

Overview: Finch presented his Benchmarking Exercise Report, which is regarding the in-person and via phone visits to other Minnesota cities. He explained that it contains mostly his notes and how he understood the information discussed.

Finch said that these Preliminary Report slides were prepared and presented without the review of the rest of the team. They should have conducted a review, but timing prohibited that review. However, the observations have been discussed and generally agreed to by the team. Commissioner Finch requested other team members to fully participate in the discussion and clarify, agree with, or contest any observations made during his presentation.

This fact finding portion of the Benchmarking exercise could take 4-6 weeks. Bratland questioned whether or not it would be beneficial to explore S.St. Paul as another Benchmark city. Finch thought it would be if the Commission agreed.

After round table discussion, Finch recommended that the benchmarking should be split into two parts.

Part 1. Reporting and Planning

Part 2. Financial Aspects.

After round table discussion it was decided that there would be a subcommittee established to do the Reporting and Planning part of the benchmarking. The role of the subcommittee is to gather and bring back information to the Commission. It was decided that the subcommittee should be made up of six members. Four Commissioners and one person each from the City staff or Council and the Petition committee.

Mueller moved to accept Finch, Hartwich, Harrod and Chair Bratland as the four members of the Charter Commission to sit on the Reporting and Planning subcommittee plus one Petition Committee member and a City Council or Staff member as exofficials. Motion was seconded by Viesturs. Motion carried unanimously.

City Council Work Session

Chair Bratland reported from the discussions on April 18, 2011 that the Mounsdview Charter would be the driving force for the language used for the ordinance.

Legal Process

Viesturs will translate this legal document into lay terms and bring back to Commission.

7. New Business

The Reporting and Planning subcommittee will offer a task force update.

Next meeting: Chairman Bratland suggested that we select the same day each month to meet to have the same consistency as the other Commissions and the City Council.

Finch moved to designate the first Wednesday of each month as the Charter Commission meeting date. Mueller seconded. Motion passed unanimously.

8. Adjournment

Fulkerson moved to adjourn, seconded by Viesturs. The meeting was adjourned at 7:55 p.m. Motion passed unanimously.

Respectfully submitted,

Jeannie Thompson
Recording Secretary

City of Excelsior

Financial Information Communication Plan

Document	Methods of Communication	Status
Budget Calendar	City's Website	Completed, currently on the website
Budget Highlights	City's Website and Newsletter	Completed, currently on the website and was published in the last newsletter
Summary Budget (Required by State Statutes)	Newspaper or Newsletter (depending on cost)	Will be published in May
Quarterly Financial Statements	City's Website	Will be on the website in May
Audited Financial Statement Summary (Required by State Statutes)	Newspaper	Will be published in May
Audited Financial Statements	City's Website and Library	Will be on the website and available for viewing in the Library in May
Management Letter	City's Website and Library	Will be on the website and available for viewing in the Library in May
Annual Budget Document (with narrative)	City's Website and Library	
General Fund Budget and Tax Levy		Will be on the website and available for viewing in the Library in May
Enterprise Fund Budgets		Will be on the website and available for viewing in the Library in May
Capital Improvement Plan		Completed, currently on the website
Long-Term Financial Plan		General Fund is currently on the website, all funds will be available by year end
Annual Public Budget Presentation	City's Website	Will be on the website in May
Bond Rating Documents	City's Website	Will be on the website in May
Finance Department Policies	City's Website	
Investment Policy		Completed, currently on the website
Assessment Policy		Will be on the website in May
Public Purpose Policy		Will be on the website in May
Capital Asset Policy		Will be on the website by year end
Debt Management Policy		Will be on the website by year end
Reserve Policy		Will be on the website by year end

Excelsior Charter Commission

Benchmarking Exercise Report

Part 1 of 2

Presented by Charter Commissioner
Steve Finch

May 4, 2011

Excelsior Charter Commission Benchmarking Exercise Report

May 4, 2011

INTRODUCTION

The City of Excelsior Charter Commission set up a process of benchmarking with other Minnesota Cities which have some form of financial processes and limits in their Charter.

The objectives, candidate cities, focus of questions, general areas of inquiry and actions are spelled out in the attached Benchmarking Exercise Plan of March 22, 2011.

The visits were mostly in person, with Charter Commissioners Steve Finch and Heidi Viesturs in each of the meetings. Additionally, Commissioner Bob Bolles attended several and Charter Commissioner Vice Chair Crow attended one. There were three telephonic meetings conducted by Commissioner Finch, in addition to the in person visits. The notes of these meetings have been transcribed and are attached to this report.

The initial focus of questions related the areas of their City and Charter that Excelsior Charter Commission is now calling *Planning/Reporting*. The other areas had to do with specifics about taxing, assessing, indebtedness, emergency financial actions and the like. For purposes of this report, those areas are called *Shared Financial Decisions*, in the context that there are specific boundaries for the City Council to observe during their conduct of the financial business of the respective City, and when they need to go outside these boundaries; they need to achieve approval from the city citizens.

REPORT LAYOUT

This report is broken into two sections for a number of reasons. The first section deals with the Planning/Reporting issues. The second section, not yet completed on May 4, 2011 covers the Shared Financial Decisions issues. The primary reasons for this distinction is that the Charter Commission has begun dialogue with the City Council about the Planning/Reporting Issues, and those issues are relatively easy to understand, come to agreement on, and be reduced to writing for possible inclusion in the City Charter.

The second section deals with Shared Financial Decisions, which are more complex, broader in nature (ranging from such things as levy limits, through spending limits to assessment limits), require considerable more dialogue to understand the requirements and impacts, and difficult to reduce to writing for possible inclusion in the City Charter. Additionally, during our visits, other Cities, such as West Saint Paul, were found which have some financial limits in their Charter, and it would be worth while to find out their experiences.

CITY COMPARISON

There were some similarities and differences between Excelsior and the Cities visited. A city information plan was put together for each of the cities, and those are included with this report. All have been under the State of Minnesota mandated Levy Limits due to their size. Those limits have had a greater impact on City levies than their respective Charter requirements.

For quick comparison purposes, Mounds View and Fridley are similar to Excelsior in that they are fully developed cities. Lino Lakes is about 1/3 developed with the rest being farm and lakes. Mounds View is 4.1 miles²; Fridley is 10.9 miles²; and Lino Lakes is 33 miles². Mounds View population is 13,000 people with 5,100 households; Fridley's is 27,000 people with 11,300 households; Lino Lakes is 20,000 people, up from 8,800 in 1990.

Fridley has no 5 year plan requirement in their Charter, while both Lino Lakes and Mounds View does. Lino Lakes has not updated their 5 year plan, despite the charter requirements, since 2008. They are in the process of doing it now.

GENERAL OBSERVATIONS

All in all, the City of Mounds View is most similar to Excelsior. It is fully developed, it has had a stable population and tax base, and it has a significant mix of residential and commercial tax base. It also has the most user friendly web site and the most complete charter provisions relative to Reporting/Planning.

Among the cities, it was good to get information from each level of government: Staff, Council, and Charter Commission. Each level of government had common views about City Government although each City had individual issues that needed to be addressed.

The City Staff generally wanted more freedom to continue to provide the city services that their respective cities have been providing with fewer constraints from needing to convince citizens of the needs for financing the city.

The Councils generally wanted to have more freedom to operate the city, and balance the city services and available financing issues without being limited by Charter issues.

The Charter Commissions generally believed that they were the keepers of the longer term view of the Cities and were responsible to the citizens to properly outline the requirements and limits between the Council and the Citizens. They generally thought they were keeping the terms of the governing contract between Citizens and their elected representatives updated and pertinent.

The City of Mounds View had the best working relationship between Staff, Council, and Charter Commission. We met with all three governing levels in the same room at the same time. There was an expressed respect for the viewpoints of each of them, a high opinion of their citizenry, and a common view of striving for the best management of the city possible within the constraints of their financial ability.

The working relationships of the other cities were less cordial and less respectful.

All the cities appeared to have a more mature process of financial understanding, reporting and planning than Excelsior. For example, Mounds View has their approximately 25 page 5 year plan and their approximately 150 page 2011 budget easily found on their web site. Both documents were well annotated with verbiage and numbers. Mounds View has a City Council goals and priorities document on the Council's portion of their web site. Their Finance Director was extremely well versed in the details of the city's finances and the issues they are facing.

A common reason for these provisions being in the Charter is lack of trust in the governing policies of the particular cities. Each had a different precipitating event, but they shared this lack of trust from the Citizens of their city. They all have dealt with petitions leading to referenda, in some cases they passed, in others they failed.

In all cases the petition language was difficult to understand and implement, and caused a good bit of further clarification work to be done between the Council, Staff, and Charter Commission.

It seems imperative that the Charter Commission attempt to do all it can to achieve a trusting relationship between the petition committee and itself in order to have the most productive outcome of potentially amending the Excelsior Charter, regardless of the process taken for any amendment.

SPECIFIC RECOMMENDATIONS

In the areas of Planning/Reporting, it would be recommended that:

- The Charter Commission set up a working group (perhaps with some of the leadership of the current petition committee)
 - to research,
 - recommend and
 - report to the Charter Commission its findings.
 - The group should begin its work based on the respective Charter provisions of the cities visited, with a particular emphasis on Mounds View.
 - Those Charter provisions can be consolidated into a single document which could serve as a roadmap for pulling together any proposed elements for Excelsior.
- This working group be instructed to be expeditious in its work for the Charter Commission.
- While the Charter Commission cannot direct the City Staff, it would be very good if the City Finance Director be a full working member of the working group.
- In the cities where an understanding existed that there was an issue that was arousing the citizens, and the city came together to address that issue, the best outcome was achieved.

In the areas of Shared Financial Decisions, it would be recommended that:

- The second section of this report, addressing those issues, should be completed.
- The Charter Commission understand the interaction and complexity of those issues and attempt to determine the potential downsides to including them in the charter.
- The Charter Commission discuss its ability to perform both tasks concurrently but move with as much dispatch as is possible to also deal with these issues.

Respectfully Submitted:

Charter Commissioner Steve Finch

Excelsior Charter Commission

Benchmarking Exercise Plan

Excelsior Charter Commission Benchmarking Exercise Plan

March 22, 2011

Objective: Determine the experience of Cities that have financial boundaries in their Charters by visiting with at least three levels of City leadership: Staff (City and/or Financial Managers), Council (Mayor and/or experienced Council Member(s)), and Charter Commission (Chair and/or experienced Commission Members. Prepare results and report them to Excelsior Charter Commission.

Candidate Cities: Mounds View, Lino Lakes, Fridley.

Focus of questions: First, their Long Term Plan, followed by, Spending Limits, Levy Limits, Emergency Financial actions, City Indebtedness, Special Assessments.

General Areas of Inquiry:

- What was the impetus/issue that drove modifying the charter?
 - Why are these provisions in their charter?
 - What was the intent in putting them there?
 - Why the level of detail in spelling out the financial portions of the Charter?
- Did the charter additions address those concerns?
- What would they do differently if they were to be considering it now?
- What are the costs associated with complying with the provisions?
- What are the upsides from them being in the Charter?
- What are the downsides from them being in the Charter?
- What is the size and scope of the City and its provided services?
- What particular issues is the City currently facing?

Actions:

Review City on line resources for further information relative to their City with emphasis on financial information available on their web site.

Set up personal meetings with City leaders in the order of the amount of financial detail in their charter.

Visit Cities.

Determine form of reporting back to Excelsior

- Verbal
- Written
- Formal Presentation
- Other

Prepare report and present it to Excelsior Charter Commission.

Excelsior Charter Commission

MOUNDS VIEW

Benchmarking Exercise Information

Page No.

Notes about City of Mounds View.....	MV 1-3
Notes about Charter Chair Visit.....	MV 4
Notes about City Manager Visit.....	MV 5-7
Notes about City Mayor, Charter Chair, and City Staff Visit	MV 8-10

ABOUT MOUNDS VIEW:

Area: 4.1 sq miles/2,632 Acres, 4% (93 acres undeveloped)
 Parks, Recreation & Preserves (in 2005) - 215 Acres
 Population (2009 Est.) 12,733; Households (2009 Est.) 5,106; Employment (2009 Est.) 6,400
 Average household income grew from \$37.1K in '90 to \$60.3K in '09
 Median housing value grew from \$86.9K in '90 to \$210.2K in '09
 The City of Mounds View, Minnesota has a population of 13,000 people and 130 successful businesses. Mounds View is known for its large, wooded residential lots and life-cycle housing.

2401 County Road 10, Mounds View, MN 55112 Tel. 763-717-4000.
 Drive Interstate 694 east to 35W North. Exit to MN 96 East, then Highway 10 North to Edgewood Drive, Turn right, is on left immediately.

FINANCIAL REPORT – excerpts from website. Very detailed annual budget (146 pages) and 5 year plan (23 pages) is on the web site.

5 year plan introduction letter, in part, says, “The City Charter, Chapter 7.05, requires that a five year financial plan be prepared annually. It must be presented at a public hearing and adopted by motion or resolution.

The City Council reviewed the plan at the May 3rd work session. Notice of the public hearing was published in the Sun Focus. The components of the Five Year Financial Plan are attached for Council consideration. There are several components to the Five Year Financial Plan.

These are the General

Fund Multi-year Operating Budget, the Vehicle & Equipment Replacement Plan, the Capital Improvement Program, the Impact on Capital Projects Funds' Cash Balance, and Utility Rate Studies. Staff also included the financing plan for the Street and Utility Improvement Program with acceleration of the last three projects.

This five year plan should be considered a work-in-progress and a guide for Council and Staff to make longer range decisions. As new information becomes available and conditions change we can update the components to determine the longer range affect.

General Fund Multi-year Operating Budget: The multi-year operating budget for the General Fund excludes any consideration of Local Government Aid for 2011 and beyond. The plan reflects a 0% increase in expenditures for 2011 and a 3% increase in expenditures for the remainder of years. A

4% levy increase is reflected for all years. The General Fund runs deficits for the five years under consideration. This indicates that there will be some difficult choices ahead. When possible staff used known amounts instead of a projection. The levy amount may be adjusted as we develop the 2011 budget and better information becomes available. This version of the budget assumes that there will be no additions to personnel or other major changes in operating expenditures.

COUNCIL:

<i>Councilmember</i>	<i>Address</i>	<i>Home Phone</i>	<i>City Hall Voice Mail</i>	<i>Term Expires</i>
<u>Joe Flaherty, Mayor</u>	5140 Red Oak Dr.	763-784-1960	763-717-4003	12-31-2012
<u>Sherry Gunn</u>	5459 Landmark Circle	612-619-4333	763-717-4005	12-31-2012
<u>Al Hull</u>	5357 St. Stephen St.	763-717-4366	763-717-4004	12-31-2014

<u>Carol Mueller</u>	8343 Groveland Rd.	763-458-2719	763-717-4006	12-31-2014
<u>Roger Stigney</u>	8400 Eastwood Rd.	763-786-3156	763-717-4007	12-31-2012

2010 City Council Goals & Priorities Year in Review Report

On February 12, 2010, the City Council and Department Heads held a strategic planning and goal setting retreat at Random Park. After reviewing the goals set by the City in 2008 and reapproved in 2009, the Council identified a *new* set of goals and priorities which were adopted on March 8, 2010. The following actions and activities were undertaken in 2010 in support of the identified goals and priorities. Click on the link below to download the 2010 Year in Review Report.

 **[2010 City Council Goals & Priorities Year in Review Report](#)**

 **[Mounds View Code of Conduct Policy](#)**

 **[Mounds View Statement of Values](#)**

Goals & Priorities Year in Review Report indicates that financial management continues to be a big issue that the City Council is addressing.

CHARTER COMMISSION:

The [Mounds View Home Rule Charter](#) establishes the basic organization, functions, and operational procedures of our city government. The purpose of the Charter Commission is to serve as custodians of the Mounds View City Charter in accordance with state laws to ensure that the Charter is an effective and workable document that will benefit our residents in overseeing city operations and expenditures.

The members are appointed by the District Judge to four-year overlapping terms. Approximately half of the appointments expire every two years. The Commission originated in 1979 when the City of Mounds View adopted a Home-Rule Charter Plan.

The Charter Commission currently meets on the 2nd Wednesday of every month at 7pm. Members are listed below:

<i>Member</i>	<i>Address</i>	<i>Phone</i>	<i>Term Expires</i>
Jonathan J. Thomas	8040 Groveland Rd	763-784-5205	10-31-2012
Barbara Thomas	5444 Landmark Circle	763-780-6226	10-31-2012
Bill Doty	3049 Bronson	763-786-3421	10-31-2014
Brian Amundsen	3048 Woodale Dr	763-786-5699	10-31-2012
James Battin	2332 Laport Dr	763-780-9298	10-31-2014
Susan Hutchins	2716 Sherwood Rd	763-783-7111	10-31-2012
Jason R. Reiling	2467 Clearview Ave	763-350-3013	10-31-2014
Jean Miller	2291 Hillview Rd	763-786-3959	10-31-2012

MINUTES ARE NOT ON WEB

Charter is 34 pages, very detailed, especially in the financial area.

CITY STAFF:

[Jim Ericson](#), City Administrator, 763-717-4001
[Desaree Crane](#), Asst. City Administrator, 763-717-4016
[Tom Kinney](#), Police Chief, 763-717-4073
[Nyle Zikmund](#), Fire Chief, 763-786-4436
[Mark Beer](#), Finance Director, 763-717-4011
[Nick DeBar](#), Public Works Director, 763-717-4051
[Public Works](#), Forestry, 763-717-4050
[Rich Spiczka](#), Community Center, 763-717-4036
[Community Development](#), 763-717-4001

FINANCIAL ITEMS IN THE CHARTER & LEVEL OF DETAILED REQUIREMENTS

Charter Chair, Jonathan Thomas was on the charter when the financial provisions were put into the charter. He has a wealth of information about the process. His daughter, Barbara, is the Charter Secretary and a former Council Member. He is willing to, not only visit with the group, but come to Excelsior and meet with our whole Charter Commission. He said he got valuable help from the Finance Director as well as the City Manger in putting together the Charter.

Steve Finch notes on benchmarking visit with
Mounds View Charter Chair and Steve Finch, by phone
March 29, 2011

- Have had some conflicts with City Councils in the past
- Current Council and Charter Commission work well together
- Need to have charter provisions to clarify what citizens can expect and ensure future councils continue to involve citizens in the financial affairs of their city
- Finance Director gave lots of input into the current Charter provisions, was very valuable in helping to understand ramifications of issues.
- Utility funds, such as water & sewer, are not capped as are tax revenue funds.
- Did a lot of research himself when they put the financial language in the Charter.
- Is willing to come meet with Excelsior Charter Commission to share his insights when/if we want him to do so.
- Need to work hard to get the language right so that the intended outcome is most likely.
- CHARTER IS VERY IMPORTANT DOCUMENT TO SPELL OUT RIGHTS OF CITIZENS WHEN THEIR MONEY OR PROPERTY IS CONCERNED.

Steve Finch notes on benchmarking visit with
Mounds View City Administrator and Finance Director
 and Steve Finch, Bob Bolles and Heidi Viesturs
 March 30, 2011

- Biggest potential issue with levy cap limit is when there is a big drop in inter governmental revenue, such as LGA stopping. (*May force an election on raising the levy limit i.a.w. Charter Chapter 7, Section 7.03, Subdivision 2.*) (*Section 7.03 Amended by Referendum Election, November 2006*)
- The financial portion (five year plan portion?) of the Charter largely codifies what the City was doing prior to memorializing it in the Charter. Started five year plan in early 2000's. Don't think there was an ordinance or other City Council action memorializing the financial actions prior to being put in the Charter.
- One new item was providing the calendar of the City financial events. (*Section 7.04, Subdivision 4*). It also changed the name from Long Term Financial Plan to Five Year Financial Plan.
- The Five Year Plan was adopted by Council actions
- The Levy Cap was approved by City wide referendum
- Purpose was an element of trust, to codify and ensure continuation of the financial discipline of the Council.
- Have gone six years without an increase in the General Fund levy.
- LGA has decreased from \$600K in 2003 to \$100K in 2010. At one time LGA was ~19% of the General Fund budget income; was ~ 16% in 2004.
- Based some actions on experience of Fridley. e.g. Fridley was having issues with the Enterprise Funds being capped, so Mounds View Charter exempted Enterprise Funds from the levy cap. However, fees are included in the cap. (*Section 7.03, Subdivision 3*)(*Amended by*
- *Ordinance 819, Adopted May 11, 2009; Effective: August 19, 2009*)
- City has dealt with loss of LGA in several different way other than raising the levy
 - Moved cell tower rental from water fund to general fund
 - Interest on certain reserves and other funds goes into the general fund
 - Used proceeds from selling the Municipal Golf Course to Medtronic to provide a levy reduction fund. At this time are using the principal of that fund to keep the levy down until the TIF district set up for Medtronic ends. At that time, the revenue from Medtronic will begin coming to the City to keep the levy down
- They are net gainers from the Fiscal Disparities Program
- They have had for quite a number of years: (all were in place prior to the Charter Changes)
 - Gas/Electric Franchise fees of 3.87% of the bill
 - Street Light Utility
 - Storm Water Utility
- Have not had Utility Increases for several years, but are planning a 6% sanitary increase this year to deal with increased Metropolitan Council sewage treatment charges. Typical utility bills are \$115/ every three months.
- Finance Manager was part of the Charter inclusion process. It is not cumbersome, or they would change it.
- In last 5 years, have not had one citizen comment on the five year plan.

- 5 year plan contemplates a 3% annual spending increase and a 4% annual levy increase, but still shows a gap between expenses and revenue. Levy increases are limited to 2% plus inflation, or a max of 5%, whichever is less.
- Staff negotiated with the Charter Commission to limit reserves to 50% of fund balance. Charter Commission wanted lower limits, but staff proved why higher limit was needed. Current balances are at 49%.
- When asked if City Council Goals and Priorities (listed on the City's website) were driven by the finances (as outlined in the 5 year plan), answer was that the two were not related.
- Staff view is that the Council needs to start increasing the levy now to deal with the shortfall in the 5 year plan. Council understands, but has not yet acted.
- Staff is looking hard at all services and level of services. Have done several things to save money.
 - Left positions open when they become vacant
 - Eliminated Community Development Director position and laid off incumbent last week
- As for cost/benefits, the process was excessive, but now is neither cumbersome nor costly.
 - The Charter originally required them to approve the 5 year financial plan by Ordinance (Required two readings, public hearings, etc.).
 - Was amended (*Amended by Ordinance 839, Adopted Dec 14, 2009; Published Dec 24, 2009*) to allow one public hearing and approval by resolution.
- Finance staff is 3.5 FTE's
- Issues foreseen by staff:
 - Levy limit is OK now, but large variables might make it unrealistic. Such as loss of:
 - LGA
 - Homestead Credit
 - Or Hyperinflation
- Have not had to use any Emergency Financial Actions
- Special Assessments:
 - Charter allows 50% plus one (of the affected potentially assessed properties) signature on a petition to stop a project. City cannot bring it up again for 1 year.
 - Had two street projects ('05 & '07) defeated by petition
 - ~25% of project costs were to be assessed, ~\$3,200 over 10 years
 - Petitioners had different reasons for being against the projects, e.g.:
 - Some wanted the streets, but not curb and gutters
 - Some were against centralized mail boxes, but wanted the streets
 - Some did not want the project at all
 - Etc.
 - Needed a process to repackage the project so that they could go forward
- Council determined to do something different
 - Engaged the public by organizing a Task Force of 30+/- citizens plus the Council
 - Broke into two groups
 - One focused on street standards for the City
 - One focused on financing
 - Determined to increase levy and do a street improvement fund
 - Included ~ 60% of streets
 - City is in the 3rd year of the program, still have to follow MN 429 procedures
 - Since they are fully developed are using rain gardens to meet runoff requirements from the state
- Bonding, Anticipation Certificates, Emergency Debt: Have never used those provisions in the charter.

- Sold City Golf Course to Medtronic in 2005 to build their HQ building. Use of golf course was declining, and it didn't make sense to continue it as a golf course. Medtronic generates about 4,500 people trips a day to their facility.
- City Manager was the City Planner for several years. He served as Interim City Manager in 2003 before becoming City Manager.

Steve Finch notes on benchmarking visit with
Mounds View City Leaders
 Jon Thomas, Charter Commission Chair
 Barb Thomas, Charter Commission Secretary
 Joe Flaherty, Mayor
 Jim Ericson, City Manager
 Mark Beer, Finance Director
 and Steve Finch & Heidi Viesturs & Bob Bolles
 April 6, 2011

- Took three years to get the financial portions of the Charter enacted
- CC
- Charter provides an avenue to protect the people & allow challenges to spending.
 - Staff, Council, Charter Commission all worked together to get it done right
 - Purpose is to let citizens know their financial protections
 - Purpose is to let Council know what processes they have to work with and what they can do relative to City Finances
 - Was an iterative process to get where they are now
- Why were these put into the City Charter
 - In early '00's had double digit levy increases for several years
 - Some citizens decided to get some citizen protection in the Charter
 - Residents did not know when or how to speak up
 - Calendar was put into the Charter to clarify for Citizens when they could/should speak up
 - Limit is on the City Council, is not prohibitive, but have to engage the citizens for certain things prior to passing them.
 - Only did Chapter 7, referendum on limiting pieces, such as increased taxes, 703, subd
 - Rest of Charter changes were done by the City Council & Charter Commission versus Citizen Referendum
 - Arrived at CPI + 2%, with a 5% cap figure with Finance Director's help. Started with 0 on one side and 8% + 3% from another person. Negotiated to 5%. Had to be unanimous, so negotiations took a while.
 - Also had knowledge of surrounding communities and their levy limits. 5% becomes a magic number.
 - Goal was to provide communications and set expectations
 - Was seen as correcting ambiguities versus council restrictions
 - What did the original Chapter 7 have in it? CC can/will get us a copy of that
 - Seems to CC that it will be easier for Excelsior to start with a clean sheet versus arguing over the meaning of existing words.
 - On the utility funds, purpose was to ensure they were not raided for any other uses.
- M
- Charter limits are OK
 - Have levy limits, not spending limits
- What is the cost of voting (referendum)? \$8K-\$10K, if is special election. If regular election, almost nothing.
 - Goal is that less than once every 10 years will things to a referendum.
 - Finance Director did a history of % increases of surrounding Cities to put their issues in perspective. Fridley has had huge problems dealing with their financial issues.

- Are constrained in some costs by their joint powers Fire Department
- Similar situation as Excelsior's relative to controlling costs, etc.
- Considered going to Ramsey County for services, but people did not want to do that
 - Blaine
 - Spring Lake Park
 - Mounds View
- ~ 7 years ago went to a referendum concerning adding 2 more police officers and increasing taxes to cover their costs. Referendum passed.
- If possible, should do any/all referendum issues on regularly scheduled election. Costs ~ \$1-\$2K, for printing, legal review, etc.

M

- Was on council for 2nd street project
- Became aware of the Charter provisions and the power of the people
- The big contentions were:
 - funding and
 - complexity of design issues
 - such things as sidewalks/curbs & gutters/central mail delivery area, etc. being included
- No one wanted to pay for us by being assessed
- Determined to get a Task Force together
 - 30+ citizens
 - Divided into two groups
 - One dealt with financing alternatives
 - One dealt with design issues
 - Wanted to get a common design for all streets in the City
 - Had some interaction with the City Council along the way
- Came up with combination of funding sources
 - TIF \$'s
 - Street Utility Charges
 - Franchise Fees
 - Construction \$'s from state
 - Special levy
 - \$100/year
 - 10 years
 - Per homeowner
 - Did a special levy to pay as you go.
 - Went to referendum & passed
 - Intent was to automatically sunset when streets were done, did not put that into language. Is a mistake.
- Had some scheduling issues
- Received a great amount of support
- Is a very positive process, is proceeding ahead of schedule without a single person protesting.

Chapter 8 of the Charter – assessments is still an issue being worked on

- Stopped projects with its provisions
- Are using only about 23% of tax capacity
 - Single Family is ~ 66% - 67% of housing units.
 - Multi Family ~ 20%
- Current bonding limits were originally in the Charter
- Levy limits, along with 50% fund balance were put in by referendum
- Charter (7.10, subd 1, allows debt to be issued without a referendum)

M – listen to the people & act on what they are saying.

- Had number of 3+ hour council meetings. People were telling them that they were not happy
- Respect the knowledge of the staff & Commissions. Ask for the opinion of the Charter Commission. There is lots of knowledge there to help the Council manage the city, should use it.
- Constantly attempting to clarify issues, seeks Charter Chair's opinion often.
- ATTITUDE IS CRITICAL. THE CHARTER IS AN IMPORTANT DOCUMENT, AND THE CHARTER COMMISSION IS A PARALLEL IMPORTANCE.

CS

- Embrace the conflicts. This is the time to have the discussions and hear the different perspectives. Will not get consensus without disagreements and discussions. Remember it is a long term process to get it right. Otherwise will not be good.

CC

- Been involved in Govt 40 years, CC 10 years.
 - Must be careful to listen broadly to people & not just special interest people who show up at every meeting.
 - Need to seek the extremes, listen lot, and get lot of perspectives.
 - Have to manage expectations.
 - Is a slow process to get all of it right
 - Have had huge positive public support
- Is a big production to prevent petitions going on the ballot, and must work diligently to get good language into the Charter by getting trust from the people.
- Seek input from LMC – see what other cities are recently addressing
- See what's going on in other cities and states
- Include staff and council in proceedings
- Need to work hard to define terms so all understand them and their implications
- He talked to Lino Lakes and Fridley people, they had onerous processes
- Council is very frugal & staff does a good job managing the city
- Long soliloquy on the process
- Need to approach the work together with City Council & staff to overcome possible perceptions that the Charter Commission is a Shadow Council.
 - Actively seek areas of agreement
- A key is to ask the right questions of the Attorney
 - City Attorney relationship is a key, must represent whole City, not one body of the City
 - City originally provided outside counsel & separate attorney set up conflicts.
- Share resources when possible, City Council approves a budget for Charter Commission.
- Send copy of language through the staff to the Attorney so all can see it.

CM

- Engage the City Staff & Council during the idea stage. Provides a much better product.

FD

- Run up against issues and staff goes to Charter Commission and asks for their input and views on them.
- Last 6 years, except for 2011, have had a 0% levy increase.
- From Budget Documents on line:
 - “The City Council passed a property tax levy increase of 2% (\$81,988) which will go entirely to the General Fund. The General Fund has not had a levy increase in 5 years.
 - General Fund expenditures will decrease by .28% for 2011
 - This consists of a ... 3.83% decrease in current or operating expenditures
 - The City keep[s]ing spending low, ranking 208th out of 225 cities over 2500 in population in total expenditures per capita”

Excelsior Charter Commission

FRIDLEY

Benchmarking Exercise Information

	<u>Page No.</u>
Notes about City of Fridley	F 1-3
Notes about Charter Chair Visit	F 4
Notes about City Manager Visit	F 5-7
Notes about City Mayor, Visit	F 8-10

ABOUT FRIDLEY:

City website was not as detailed as Mounds View, got information from several sources: City website, Wikipedia, City Comprehensive Plan, City Newsletter.

6431 University Ave NE, Minneapolis - (763) 572-3500

Fridley is a city in [Anoka County, Minnesota, United States](#). The population was 27,449 at the [2000 census](#). It was incorporated in 1949 as a village and became a city in 1957. It is part of the [Twin Cities Metropolitan Area](#). Fridley is a "first ring" or "inner ring" suburb in the Northern part of the Twin Cities. It borders [Minneapolis](#) at its southern border. Neighboring first ring suburbs are [Columbia Heights](#) and [Brooklyn Center](#).

Historical Population

1880	1900	1930	1940	1950	1960	1970	1980	1990	2000	Est.	Projected
257	483	693	1,392	3,798	15,182	29,233	30,228	28,335	27,449	26,603	27,000

Fridley has [one of the first six stations](#) of the [Northstar Commuter Rail](#) line connecting the northwest suburbs and downtown [Minneapolis](#); the line opened in November 2009.^[4]

The city has a total area of 10.9 square miles of which, 10.2 square miles of it is land and 0.7 square miles of it (6.70%) is water. City lakes include East Moore Lake, West Moore Lake, and Locke Lake. [Rice Creek](#) flows through the central part of the City,^[5] [Springbrook Creek](#) flows through the northwest section, and the [Mississippi River](#) borders Fridley to the west. It borders the cities of [Coon Rapids](#) and [Blaine](#) to the north; [Spring Lake Park](#) to the northeast; [Mounds View](#) and [New Brighton](#) to the east; [Columbia Heights](#) to the southeast; [Minneapolis](#) to the southwest; and [Brooklyn Park](#) and [Brooklyn Center](#) to the west.

As of the [census^{\[1\]}](#) of 2000, there were 27,449 people, 11,328 households, and 7,317 families residing in the city. The [population density](#) was 2,701.3 people per square mile (1,043.1/km²). There were 11,504 housing units at an average density of 1,132.1/sq mi (437.2/km²). The average household size was 2.40 and the average family size was 2.91. The median income for a household in the city was \$48,372, and the median income for a family was \$55,381. Males had a median income of \$38,100 versus \$29,997 for females. The [per capita income](#) for the city was \$23,022.

Fridley is home to the 127-acre (0.51 km²) [Springbrook Nature Center](#) park and nature reserve. Fridley is home to The World Headquarters of [Medtronic Inc.](#), and its major employers include [BAE Systems](#) (formerly [United Defense](#)); [Cummins](#); Unity Medical Center, part of the Allina Healthcare system; [Minco Products, Inc](#); Kurt Manufacturing Company; and Park Construction Company. [Magnum Research](#), the company that produces the [Desert Eagle](#) firearm, is also located in Fridley.

FINANCIAL

City Tax Base

The City of Fridley has a large commercial and industrial tax base. As a result, Fridley is the only city in Anoka County that must contribute to fiscal disparities. Fridley was a \$1.5 million net contributor to the fiscal disparities pool in 2007. Fiscal disparity is a law that was established as a means to allow local governments to share in the resources generated by regional growth and to increase the likelihood of

orderly urban growth. The following figures represent 2007 tax base compositions for the City of Fridley compared to the Metropolitan Area.

2011 Budget REPORT – The preparation of the 2011 budget was once again an exercise in fiscal restraint. For the second year in a row, budget work sessions focused on budget cuts and revenue adjustments that included the continued freezing of employee salaries, the maintenance of five full-time employee vacancies, the elimination of employee leave sellback, and the suspension of IT depreciation charges. Budget discussions also led to the issuance of equipment certificates (bonds) for the purchase of City equipment. While there were plans to levy back \$1.2 million in lost state aid, a last minute reversal by the Minnesota Department of Revenue restricted the amount to be levied back to \$305,785. The budget that emerged from these discussions provides for the expenditure of \$15,872,445 for all funds (not including Enterprise Funds) and \$13,940,049 in General Fund expenditures. Both of these amounts are less than those budgeted for 2010 and 2009. Enterprise Fund budgets, which include the Water, Sewer, Storm Water, and Liquor Funds amount to \$13,414,919, or 3.6% more than we budgeted for 2010. We have provided many of the details for these changes in the full budget message. The budgets, including changes in the property tax levy, will not cause an increase in the City's portion of property taxes on an average value home. Water, sewer, and storm water rates will rise by 5% and will cost the average water user about \$5.22 more per quarter.

While these numbers are somewhat comforting, the reader should realize that many of the revenue and expenditure adjustments that have enabled the City to survive the current economic crisis are temporary. Wage freezes, the suspension of IT depreciation charges, elimination of most travel and conference expenses, the freezing of employee vacancies (including three police officer vacancies), and the suspension of mowing the 5.1 mile University Avenue corridor are all adjustments that are subject to change as the City moves forward. Additionally, there are other uncertainties such as those concerning the future availability of state aid, the cost of employee health insurance, mandated costs for employee pension programs, and future wage and benefit contracts with employee bargaining units that could have future negative impacts on the City's cash balance and cash flow projections

Finally, it is important to point out that while we are projecting solvency over the next few years, we are also projecting dwindling cash balances that will be very difficult to recover. Unless we protect these cash balances, we may be forced to make major cuts in City services, and our ability to invest in capital improvements for buildings, streets, and parks will be compromised. Additionally, we should point out that the current economic circumstances, along with City Charter restrictions on property tax levies and fees, forced the City to begin borrowing for vehicles and other major equipment purchases in 2010. Dwindling cash balances will also, at some point, force the City to borrow money to meet cash flow needs for all City operations. Although the City's financial picture is less than rosy, those involved in the budgeting process believe they have done their very best to maintain both high quality and affordable local government services in Fridley.

COUNCIL:

Mayor – Scott J. Lund

Councilmember-at-Large – Robert L. Barnette

Councilmember 1st Ward – James T. Saefke

Councilmember 2nd Ward – Dolores M. Varichak

Councilmember 3rd Ward – Ann R. Bolkcom

The City Council consists of five members: a Mayor, a Councilmember-at-Large and three Council members representing each of Fridley's three wards. Each member of the Council serves a four-year term.

The Mayor and Council members are elected in even-numbered years. The Mayor and Council member-at-Large are elected the same year that the United States President is elected. Ward Council members are elected the same year that Minnesota's Governor is elected.

CHARTER COMMISSION:

Could not find information about members, etc

CITY STAFF:

City Manager – William W. Burns

Darin Nelson, Finance Director began work on November 15, 2010

Fridley City Manager, Dr. William Burns, received one of the state's most prestigious awards on June 24, 2009 at the opening session of the League of Minnesota Cities Annual Conference at the River Centre in St. Paul, MN.

Dr. Burns received the 2009 Leadership Award, which is considered to be the League's highest honor and recognizes recipients for their significant contributions to Minnesota city government. During his 20-year-plus tenure in Fridley, Burns has played significant roles in several major projects. Burns' professional involvement beyond his city duties is extensive as well. He is a former member and President of the Board of Directors for Metro Cities, and currently serves as a member of the League's Fiscal Futures Committee. This is the most exciting recognition I have received in my 33 year career as a city manager," said Burns. He went on to praise the City Council and those who "have been very responsive and supportive of City staff and in keeping the trust of their constituents. They question us closely on our policy proposals and constantly impress upon staff the importance of getting answers to their constituents." The mayor went on to say that he felt that "this award is well deserved and long overdue."

Salary Notice

Minnesota State Law, Chapter 156 of the Session Laws of 2005, requires that "a city or county with a population of more than 15,000 must annually notify its residents of the positions and base salaries of its three highest-paid employees." For the City of Fridley, titles and salaries as of January 1, 2011, are: City Manager - \$124,363; Public Safety Director and Community Development Director (tie) - \$111,696.

FINANCIAL ITEMS IN THE CHARTER & LEVEL OF DETAILED REQUIREMENTS

Levy limits: Sect 7.02, Subd 1 "inflationary index or 5%, whichever is least". Can overcome with a specified procedure leading to a general vote of the people.

Fee limits: Seem to be the same.

Bonding limit: Section 7:15, seems to require a general vote of people for all.

Nothing on Long Term Plan, Spending Limits, Special Assessments (Except Chapter 8),

Emergency Financial actions: Chapter 7.15 & 7.16

Steve Finch notes on benchmarking telephone visit with
Fridley Charter Commission Chari Bill Holm
& Steve Finch,
April 11, 2011

- Bill was willing to meet, but thought he couldn't add much to the discussion.
- His views are in tune with the views of the City Manager and Mayor
- Sees the Charter as a protection for the people – sort of like a contract with the people
- Says we should talk to Pam Reynolds on the Charter Commission.
 - She has different, and strong views on what is going on in Fridley
 - She is a thorn in the side of the Mayor (City officials?)
- Did not think it worth while to meet in person, but would be willing if I have other questions.

Did some on line research & found:

- He was an Officer of the group to vote yes to change the charter & allow water & sanitation fees to be removed from the levy limits – Vote Yes Campaign in 2009.
- Pam Reynolds has run for Council & has run for Mayor
- She is an activist on City issues on several fronts & has filed a complaint with the courts that the Council was improperly promoting an issue.

Steve Finch notes on benchmarking visit with
Fridley City Manager Bill Burns
 and Steve Finch & Heidi Viesturs
 April 8, 2011

- Communication is his biggest issue. He gave us copies of his City Newsletter in which he tries to communicate as much as possible.
- Been in Fridley 23 years. Fridley has a reputation for the lowest taxes in the state
- Charter issue started in the late '90's when the City decided to put a franchise fee on Xcel/Centerpoint Energy. Considered the additional revenue would be sort of like an additional sales tax. Ordinance was passed by the City Council.
- In '99 a petition was put together to rescind the ordinance, and it went to special election in December 1999. The Ordinance was repealed.
- A group formed in 2000 to put limit(s) in the charter by petition. Petition said, "the amount of taxes levied against real and personal property within the City for general City purposes shall not exceed in dollars, a tax levy that is greater than the prior year tax levy increased by an inflationary index, or 5%, whichever is least & limiting fees" Petition passed.
- Have been several subsequent changes to the charter relative to fees. Using Newsletters and pictures of the rusted water tower storage tank, got the water fees removed from the charter limitations.
- At current time, all City wide fees are covered by the Charter. There seems to be some localized fees that are not covered by the Charter fee provision.
- The initial opposition to the charging of franchise fees was from Republican leaders, but the group has morphed into something else. A prime group mover is a former Honeywell union activist.
- Charter Commission has waffled on these issues. Have taken a year to study things. It has 15 members and meets regularly.
- He does a council/commissioner survey annually looking for City Council policy level issues.
 - Has 26 questions, goes to all Council Members, all Commission Members and all Staff.
 - Uses Survey Monkey to organize the survey and responses.
 - Charts responses to the surveys.
- Has some issues with the Charter Commission. Thinks the language re: filling vacancies needs input other than the judge. Needs to have input from the community.
- He does not attend the Charter Commission meetings.
- He thinks that there is no reason for the fiscal Charter provisions. He showed a chart that depicted Fridley income per household compared to surrounding Cities. Was a big chart, could not get a copy. Fridley was either lowest or next to lowest. Thinks the Charter provisions are silly.
- Thinks a 5 year plan is almost a waste of time.
 - He does a cash flow projection for the next 10-15 years annually to ensure that there are sufficient reserves to keep the City cash positive. Shows that to the Council each April.
 - There are too many variables in his city to do a long term plan.
 - Legislative issues such as: LGA, Levy Limits, PERA requirements, Police & Fire Pension issues, Tree removal from storms, Homestead Credits, etc.
 - Has been in contact with Gary Carlson, League of MN Cities about LGA/Homestead legislation. Thinks LGA is politically driven to provide money to the state's biggest cities.
 - Will provide a copy of a letter he wrote to Representative Ruenbeck about LGA proposed changes.

- They have borrowed money to buy capital equipment. Can do so without charter issues, and did so in 2010.
 - There is no bonding limit in the Charter
 - City has moved from paying for Capital Equipment with cash to debt
- City Council is unhappy with the Charter Restrictions on finances.
- STATE LEVY LIMITS ARE MORE RESTRICTIVE TO FRIDLEY THAN THE CHARTER LIMITS
- **In answer to why City costs go up faster than inflation, he cited:**
 - 74% of City budget is personnel costs
 - Personnel costs have gone up faster than inflation
 - Health insurance premiums have far exceeded inflation
 - Fuel costs are predicted to average over \$3.50/gallon in '11
 - Legal & Professional services have exceeded inflationary costs
 - Labor mediation/ arbitration
 - Police Costs – wanting/needing to specialize police functions.
- Have their own Police and Fire Department
 - Fire is Paid on Call except for 7 full time fire fighters
 - Police specialization is costly
 - Canine Unit
 - Pawn Detective
 - School Resources officer (s)
 - Drug Task force (2 officers)
 - DEA (1 officer)
 - Drug use is a big issue in Fridley, have had heroin and methadone fatalities in the last few years. Are glad to get DEA & Drug Task force help, but is costly to provide personnel to them.
- **Actions he has taken to keep costs in line with revenues include:**
 - Has eliminated all travel & conferences for the City (\$55K)
 - Hasn't had to lay off anyone or cut services yet
 - Has 7 vacant positions that he is holding off filling.
 - Stopped IT depreciation.
- **Issues he is concerned about:**
 - Police & Fire depts. are union, upcoming contract negotiations
 - Pension issues? Adequate funding?
 - GASB new standards for 2012/2013 will required pension funds to have 80% of required pension amounts on hand.
 - Thinks Fire dept pensions are good, he doesn't know because the retirement funds are managed by the Foundation.
- He recommends no financial limitations in the charter because of unpredictability of future events.
- He's a strong believer in the City Manager communicating the unvarnished truth. e.g.
 - Target Corporation is working to lower their property evaluation by 50%
 - Are ~ 6 Minneapolis law firms that are specializing in helping major corporations lower their property evaluations.
 - There's a need for Cities to jointly address this issue, not individual cities.
- He sees no upsides to the financial provisions in the Charter. However, due to the State levy limits, Fridley has not done any levy elections.
- Charter requires a 51% positive vote of votes cast in the election, NOT 51% of the votes cast on this particular issue (for levy election issues)
- He will send us a copy of the history of the referendums relative to Charter changes dealing with the financial issues. There have been several changes done without referendums to clarify and make the changes livable.

- Mayor is best Council Member to talk to. (612) 860-3235
- Bill Holm on Charter Commission (Chair), former Federal Reserve employee, (763) 784-7052 home
- Thinks the Charter provisions (Charter Commission?) are against representative democracy
- Why has Council not amended Charter? Has tried, but failed on referendum.
- He is a LGA rabble rouser
 - Sent letter to Linda Runbeck (State Senator or Representative) about LGA
 - Suburbs get hosed, core cities collude to get the money they want
 - In 2003 State redid formula to recap money (Measure Need) from excess payments
 - Should base need on per capita income/ household income/ property value
 - Prior to '03 were getting \$2M in LGA, subsequently went to), now ~\$750K
- Is increasing reserves
- Is using ~ \$350K/year in liquor store profits to help City's General Fund
- Predecessor was doing some arbitrage which he does not continue, but the City still has \$10 million from that operation. \$6 million cash is reserved for the General Fund.
- General Fund spending for '11 is \$13.94 million
- Spec Revenue & Capital Fund spending is \$15.87
- Total City spending is ~ \$30 million
- Levying for Street project is not city wide, so they can get around the Charter limits
- Uses state gas funds + assessments to get it done.

Steve Finch notes on benchmarking visit with
Fridley Mayor Scott J. Lund
 and Steve Finch, Heidi Viesturs, Bob Bolles & Lucille Crow
 April 12, 2011

- Mayor's office is a 4 year term. Scott has been Mayor since 2000, when the financial provisions were first put into the Charter.
- He adamantly opposes them and asks, "Why tie the hands of the City Council?"
- City has been frugal for many years with strong reserves
 - e.g. Shares an elementary school for the Senior Center, etc.
- History of Charter financial provisions:
 - City Council could not raise water & sewer fees, so proposed another income source (fees) by passing an ordinance
 - Was an ad hoc group pushing the petition: attorneys, etc.
 - Group of citizens petitioned to overturn the ordinance and succeeded
 - Then, the group went for a Charter Amendment to limit revenue increases (2% to 5%). Limitations are on broad based fees or taxes
 - Legislature limits increases to 2% vs. Charter 5% limit
 - Council got limits on water & sewer (fees) removed in order to be able to maintain infrastructure.
 - 73% of sewer income goes to the Metropolitan Council for their charges.
- Charter Commission is now a fear mongering group.
 - It contains an expelled Mayor
 - (Has?) had a 75 year old cross dresser
 - One Commissioner does a lot of internet research, is an internet junkie
 - Mayor wants to remove her from Charter Commission, but has not been able to do so
 - She has opposed the Mayor in elections
 - Says she is there to produce chaos, not solve problems.
- Getting limit on water & sewer increases took three attempts before it was successful
 - Mayor had to campaign to make the case the last attempt
 - Took pictures of rust on outside of water tower & told folks it was worse inside. Without an increase in fees City would have to cease using it with a resulting deterioration of water service.
- He's irked with the situation because Fridley is not a high spending City.
- Financial limit in the Charter is on all broad based fees.
 - Individual fees can be raised. (Building Permits, etc.)
 - Did a full study to include staff time & justified new increased fees
- Went to the state legislature 2 times over a three year period to get relief from state mandated levy limits. The CPI issue has been a limiter.
- There is a general distrust of government that is reflected in these limits.
- Fridley is struggling to maintain its service level.
 - For example, University Avenue is a State Highway and is a main thoroughfare through the City. About 4 miles of it is in Fridley. MNDot maintains it poorly, so the City mows it.
 - Takes ~ 3½ days/week to mow it. (Median, ditches, fence line trimming, etc.)
 - Public Works director said the trade off is to mow parks less. Is equivalent to mowing 15 parks, which cannot be done if City mows the highway.
 - Mayor got volunteers to do it,(Adopt a highway), but City Staff objected on liability grounds
 - City went to MNDot director, but got answer that they were focused on maintaining bridges over mowing highways. So no help there.

- City now has 6 Full Time jobs open. 3 Police jobs, Fire Marshall – job is now done by Ass't Chief
- City had to raise salaries on directors to meet median levels
- Employees are paying more for health care
- Is a reality now with our economic climate
 - Property taxes have skyrocketed, have to educate people.
 - Visuals are important.
 - Have set up timers to turn lights off on tennis courts when not in use
 - Have made City maintenance workers come into the City barn for all their breaks. They have to put away all their tools & leave the job site so that people do not see them on break and think City employees are goofing off.
 - 2 Commercial property owners are protesting their evaluations
 - People are struggling and complain
- Answers are mostly political and perceptions
- Water & Sewer fees were foolish
 - Was OK to have the Ordinance overturned, people did not have to push the Charter Change. Was vindictive.
- Now Fridley tries to have fees that are not broad based, so that they are excluded from the Charter limitations.
- Are now borrowing to purchase equipment to get around buying with cash they don't have the ability to tax for.
- Rarely borrowed in the past.
- General Fund has 50% (6 months of money) reserves by Ordinance.
 - Spending needs exceed inflation because of
 - Fuel increases
 - Medical insurance increases
- Have lots of apartment dwellers who are transient
 - 70/30 mix of single family/apartment housing units is optimum
 - Fridley has grown beyond that and is now 65/35
 - That quickens the pace of degradation in the community & adds to needs for services
- Have 39 sworn police officers for population of 26,900 with three open positions.
 - Have 1 officer dedicated to the school.
 - School paid ½ of that cost for 9 months
 - Reduced from 2 officers to one, scrambling between schools
 - New school Superintendent started last fall and wanted two officers assigned there.
 - Police Chief said #1 priority is new patrol officers on the street
 - Was a question about the increased need and when it began, Long discussion on safety camp for kids and using police in that role to lower need for policing followed.
- City is leaning toward a greater use of Fee for Services to pay for its services
- Street Assessments question:
 - Were on a 20 year plan to replace the streets, but accelerated it to a 5 year plan.
 - Did not assess for the streets, but +
 - Did assess 100% for the concrete curbs associated with new streets.
 - Now are doing a mill & overlay operation and are assessing for that.
 - Have a different formula for commercial/industrial and apartments
 - For single family dwelling units, the fee is a flat \$1,600, financed for 10 years at 6%.
 - Justification is maintaining property values, despite falling property valuations
 - Had no pushback from people whose property values are falling
 - Do have pushback to hold fire for 1 or 2 years because of double dip year to year increases.

- Fridley gets \$600K/year from Municipal State Aid, which is put in the street fund & used for water/sewer fix ups in the street program.
- STATE LEVY LIMITS question
 - In 2003 was an issue when LGA & Homestead credits were lowered.
 - Pawlenty said LGA is welfare to Cities, but he disagrees strongly
 - Fridley is a loser under Fiscal Disparities.
 - Surrounding Cities are gainers under Fiscal Disparities program
- Fees on gas/electric were removed by referendum after being put in by Ordinance.
 - Putting the language in the Charter was due to an ill conceived/retaliatory reaction of the alarmed citizens
 - Discussion about Churches not paying for City services because they don't pay taxes.
 - Mayor gets calls from Pastors asking him to fix up playground, parking, etc. used by Church, even though they pay no taxes
 - Mayor has routinely contacted church Pastors asking them to help with park clean up, etc.
- DISTRUST IS A BIG HURDLE in the financial area. Charter provision is ill conceived and inflexible.
- Is Charter Commission a shadow council? NO.
 - Does have a city staffer (City Clerk) as a Charter Commission liaison.
 - Charter Commission is word smithing ad nasueum.
 - Are now looking at restricting City Council appointees being prohibited from running for Council at the next election.
 - Mayor has recruited 4 Charter members over the last few years
 - Does not want the Nut Case on the Charter Commission – it has disgruntled people on it
 - He is tempted to send a letter to the Appointing Judge to try and weed out the crack pots.
- What about the cost to the City for having to deal with the Charter issues? (elections, etc.)
 - None, except for special elections over the water & sewer issue
 - City would rather have City issues on special elections rather than on general elections.
 - Thinks cost for a special election is ~\$12K, is much less than a general election which costs ~\$30K.
 - General elections with multi precincts and multi issues and candidates don't allow enough attention to City issues. Printing City issues on county ballots for the general elections is costly.
 - Really need to do education about issues for elections. Very difficult to do in general elections
- Mayor had never held office before this one. Ran against candidate who had run for state office in prior election and who thought race for Mayor would be easy. Is a tenacious campaigner.
 - Owned a business servicing Mobile Homes (transporting & installing) when elected
 - Wife said had to do one (Mayor) or other, could not continue with two full time jobs, so he sold business about 4 years ago.
 - Now is Full Time Mayor.
 - Mayor's job pays \$10K - \$12K per year.

Anoka County Political Buzz Examiner, January 15, 2011

The City Council and City Staff has gone out of their way for a long time to block information to Pam Reynolds who was one of the leaders of a petition which defeated a charter amendment in 2009. This reckless behavior by City Staff when they violate state law, is exposing the Fridley taxpayers to a lawsuit.

Excelsior Charter Commission

LINO LAKES

Benchmarking Exercise Information

Page No.

Notes about City of Lino Lakes.....	LL 1-3
Notes about Charter Chair Visit.....	LL 4-5
Notes about Mayor, City Manager and City Staff Visit.....	LL 6-9

ABOUT LINO LAKES:

The City of Lino Lakes covers an area of 33 square miles on the north side of the Twin Cities in Anoka County. The pristine 2,700-acre Rice Creek Chain of Lakes Regional Park Reserve is situated within the heart of the city, guaranteeing that the area will maintain its natural settings and wildlife habitats for years to come. While residents are attracted to the city because of its natural amenities, including 13 lakes and several seasonal wetlands, Interstate I-35E and I-35W make it just a 20-minute drive to either downtown Minneapolis or St. Paul. The city's population as of May 25, 2006 was estimated to be 19,736 (per Metropolitan Council Research).

600 Town Center Parkway, Lino Lakes, 55014
Tel. 651.982.2400

Coming from 35W northbound: Exit on County Road 23 / Lake Drive (exit number 36). Turn right at the top of the exit and go about one block. Holiday Gas Station is on your right, Patriot Bank on your left. Turn left on Town Center Parkway. The Civic Complex is at the end of the street.

FINANCIAL REPORT – excerpts from website. Did not find 5 year plan on website

Profile of the Government

The City of Lino Lakes, incorporated in 1955, is a growing community in the southeast corner of the County of Anoka. It covers an area of 33 square miles and has a population of approximately 20,000. The population has more than doubled from the 1990 census figure of 8,807 and has grown by 19% since 2000. Within the City's borders lies the 2,550 acre Rice Creek Chain of Lakes Regional Park. Access to St. Paul and Minneapolis is provided by I-35W and I-35E.

The City Charter, as amended, establishes a mayor-council form of government and grants the city council full policy-making and legislative authority to the mayor and four council members. The city council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring a city administrator. The city administrator has the responsibility of carrying out the policies and ordinances of the city council, for overseeing the day-to-day operation of the city. The city council is elected at-large on a non-partisan basis, with council members serving four-year terms and the mayor serving a two-year term. Elections are held every two years with two council seats and the mayor being up for election each election cycle.

The City provides a full range of municipal services. These services include: general government, public safety (police & fire), public works (streets & fleet), parks and recreation, conservation of natural resources (environmental & solid waste abatement), public improvements, providing and maintaining sanitary and storm sewer, water infrastructure, and two enterprise funds, the water and sewer funds.

The annual budget is the foundation for the City of Lino Lakes' financial planning and control. All divisions are required to submit appropriations requests to the city administrator for review and consolidation into a proposed budget. The city administrator is responsible for submitting the proposed annual budget to the City Council in August of each year. The city council is required to hold a public hearing on the proposed budget and to adopt by resolution a final budget and certify it no later than December 28. The budget amounts cannot increase beyond the estimated receipts except to the extent those actual receipts exceed the estimate. Division directors may make transfers of appropriations within a department, but transfers of appropriations between departments require council approval. Budget-to-actual comparisons for the general fund and the recreation program fund, the only funds for which an annual budget has been adopted, are provided in this report beginning on pages 58 and 79, respectively.

... The city's current five-year financial plan, adopted in January, 2008, identifies street and utility improvements totaling \$23,287,990 over the period of 2008 through 2012. These improvements are anticipated to be funded through a number of funding sources, including special assessments, municipal state aid road funds, the area and unit trunk fund, the storm water management fund and voter-approved tax levies. Also included in the final year of the plan is a feasibility study for a new public works facility. Scheduled capital equipment and office equipment needs and the financing for those needs are also included in the plan. The five-year plan also includes funding projections for operations and operating impacts for the period of 2008-2012.

DEMOGRAPHIC AND ECONOMIC STATISTICS

Fiscal Year	Population	Personal Income <i>(thousands dollars)</i>	Income <i>(Per Capita)</i>	Operating Tax	Debt Levy	Total Tax	School Enrollment	Unemployment Rate
2000	16,791	\$516,659	\$30,770	\$3,611,498	\$960,390	\$4,571,888	6,845	2.60%
2001	17,386	\$540,531	\$31,090	\$4,105,048	\$993,561	\$5,098,609	6,911	4.10%
2002	17,942	\$572,099	\$31,886	\$4,885,509	\$1,016,649	\$5,902,158	6,985	4.30%
2003	18,368	\$600,266	\$32,680	\$5,180,932	\$943,689	\$6,124,621	6,992	5%
2004	18,725	\$640,170	\$34,188	\$5,623,542	\$927,078	\$6,550,620	6,956	4.60%
2005	19,698	\$686,968	\$34,875	\$6,342,211	\$927,091	\$7,269,302	6,934	3.80%
2006	19,736	\$703,983	\$35,670	\$7,042,626	\$934,281	\$7,976,907	6,986	4.10%
2007	19,851	\$745,901	\$37,575	\$7,558,995	\$897,333	\$8,456,328	6,874	4.80%
2008	19,987	\$774,376	\$38,744	\$7,973,236	\$893,720	\$8,866,956	6,754	6.90%
2009	20,305	N/A	N/A	\$8,295,172	\$949,166	\$9,244,338	6,722	7.80%

COUNCIL:

1. Jeff Reinert, Mayor, 651-982-2491, jeff.reinert@ci.lion-lakes.mn.us
2. Kathi Gallup, Council, 651-982-2490, Kathi.gallup@ci.lino-lakes.mn.us
3. Jeff O'Donnell, Council, 651-982-2494, jeff.odonnell@ci.lino-lakes.mn.us
4. Dave Roeser, Council, 651-982-2493, dave.roeser@ci.lino-lakes.mn.us
5. Rob Rafferty, Council, 651-982-2492, rob.rafferty@ci.lino-lakes.mn.us

CHARTER COMMISSION:

1. Caroline Dahl, Chair;
2. Christopher Lyden, Vice Chair ;
3. Kelly Gunderson, Secretary

The Lino Lakes Charter Commission is a 15-member body appointed by a District Judge to oversee the City Charter. Established in 1981, this volunteer commission does not fall under the authority of the City Council. The commission's charge is to serve as custodians of the City Charter in accordance with State laws, the charter by-laws and rules of the Charter Commission. The commission may propose amendments to the City Charter, as can the City Council.

MEETINGS:

The Charter Commission meets quarterly, on the second Thursday of the month, at 6:30 p.m. Meeting notices are available under "[Community Events](#)."

STAFF CONTACT:

Julie Bartell, City Clerk, 600 Town Center Parkway, Lino Lakes, MN 55014
Phone: 651-982-2406

MINUTES ON WEB: Discussion in 6.30.10 meeting about levy limits on fall ballot

CITY STAFF:

Jeff Karlson, City Administrator

Phone: 651-982-2401

E-Mail: jeff.karlson@ci.lino-lakes.mn.us

Dan Tesch, Director of Administration

Phone: 651-982-2404

E-Mail: dan.tesch@ci.lino-lakes.mn.us

Julie Bartell, City Clerk

Phone: 651-982-2406

E-Mail: julie.bartell@ci.lino-lakes.mn.us

Jean Viger, Deputy Clerk

Phone: 651-982-2402

E-Mail: jean.viger@ci.lino-lakes.mn.us

FINANCIAL ITEMS IN THE CHARTER & LEVEL OF DETAILED REQUIREMENTS

- **Annual Budget:** Submission by Administrator to Council – Detailed relative to what items are included in the annual budget.
- **Five-Year Financial Plan:** Council shall have one prepared, hold public hearing and adopt it annually. Must include sections on:
 - **Public Service Program** – health, safety & welfare, requires measurements
 - **Capital Improvement Program** – all projects & facilities, requires detailed requirements & how to finance
 - **A Revenue Program** – requires a revenue policy to finance the city
 - **The Capital Budget** – summary of money needed, prioritization of projects
- **Annual budget process** – detailed instructions for the Council to follow, including scheduled public hearing(s)
- **Budget Enforcement** – on one can exceed the approved budget
- **Budget Alterations** – Council cannot increase, can decrease budget
- **Funds** – City can set up different funds
- **City Debt** – requires a city election to incur debt
- **Anticipation Certificates** – city may borrow against upcoming taxes & aid from state
- **Emergency Debt Certificates** – city may (by 4/5 vote) issue debt, in a declared emergency. City must levy taxes to pay the debt within 3 years when it is issued.

Steve Finch notes on benchmarking telephone visit with
Lino Lakes, **Charter Commission Chair Caroline Dahl**
& Steve Finch
April 13, 2011

- She is very active as the Charter Commission Chair
- Maintains a network of emails among home rule charter commissions
- Charter Commissioner Mike Trehus does lots of work for the Commission & is very knowledgeable.
- Have worked on moving elections into regular election cycles (even years) versus current practice of having elections in odd years.
 - Decided to leave it alone because city elections do not get lost in general elections
 - Are some \$ amounts for conduct of elections in minutes of Jan 13th meeting, line 236.
- Has put in a Code of Conduct and Conflict of Interest policy in last couple of years.
 - Sent emails to Cities asking for their policies, got lots of feedback
 - Did not put those in the charter, but got the City Council to adopt them.
 - Got lots of responses requesting copies of what Fridley had done relative to these areas
- Charter Commission meets monthly 8 months of the year
- Are working on making changes to the Charter to eliminate special elections upon vacancies on Council or Mayor
- Had a meeting with Mounds View Charter Commission ~ 5 years ago. Got them all to come.
- Spoke to someone from Excelsior late last year and gave information about their charter issues relative to levy limits. Was surprised to hear from me, never heard from other person again, even after sending information to them.
- They are now working on putting a tax cap into their charter.
 - Do not have a petition of citizens, but doing it as Charter Commission
 - Have been under state levy limits for several years
 - Concern is that State Levy Limits will sunset
 - Proposal is to put language of state levy limits in Charter.
 - Are meeting on April 14th to consider moving forward
 - Sent me the meeting packet with the language & background of the proposed change to the charter
- Despite Charter Requirement for a 5 year plan the City has not produced one for several years. The Charter Commission is trying to get them to follow the charter, but so far have not been successful in this effort.
- Have a Charter (thinks it is State Statue requirement) that cannot be on both the City Council and Charter Commission.
- Chapter 8, dealing with Assessments has been the biggest issue financially in a while
 - Had a road program that was voted down due to provisions in Chapter 8
 - City spent \$30K for consultants to determine how to amend Chapter 8
 - Their recommendations did not please the city Council, so the Council threw it out.
 - Council (?) recommended removing Chapter 8 from the Charter,
 - Voted down by 2/3 majority
 - Citizens came up with a petition also
 - Charter Commission had their own web site
 - Asked City to pay for it, and they said yes – but there was a problem getting the City to pay for it.
- City hired outside attorney (in response to a petition) to audit the Charter Commission
 - Report said they were doing some things wrong
 - e.g. Did not designate a data practices officer on the Charter Commission

- Got own attorney to examine findings, after getting approval from City Manager to pay for that
- Attorney said findings were faulty
- City Council will not pay for the Charter Commission attorney
 - Something about not being allowed to pay more than \$1,500.
- Still a good bit of bad blood between the Charter Commission and the City Council.
- Sees Charter Commission as representative of the Citizens to put correct boundaries on the council.

Star Tribune, Nov 1, 2008

Under the charter, any Lino Lakes road proposals that require a special tax assessment on homeowners must be subject to a public referendum. This is unique in Minnesota, said Ed Cadman, staff attorney for the Minnesota League of Cities. (Mounds View, though, requires the city to halt a project if the majority of affected homeowners petition against it.)

-

Steve Finch notes on benchmarking visit with
Lino Lakes Mayor Jeff Reinert, City Administrator Jeff Karlson,
 Community Development Director Michael Grochala
 & Steve Finch, Heidi Viesturs, and Bob Bolles
 April 13, 2011

Spoke to Jeff Karlson on phone to set up the meeting.

- He is a strong local control advocate.
- Hasn't been at Lino Lakes long
- Been in City Management for 20 years, this is 5th City
 - Never seen such controversy & complication in local governance
- Charter Commission seems to think they are the watchdog for the City
 - They exceed what they should be doing
 - Campaigned against the City Council on the last Charter referendum
 - Hampered road assessments & caused problems starting the project
 - Want to be able to recall resolutions as well as ordinances
 - Chair wants to know everything that goes on in the City
 - Wants to be the #1 watchdog of the city
 - Have sat in on hundreds of City meetings, Charter meeting is wackiest he has ever sat in on
- Has always used State Chapter 429 procedures when assessing properties, should be good enough for all Cities.
- Lives in St Michaels
- Really positive for City Services
- Is on soap box about state mandates
 - State setting levy limits is infringement on good government
 - Should not be setting governing authority
 - Testified before legislature & told them not to tell cities what to do
 - Should not have the ability to limit City's levies

The only major financial issue Excelsior reps found in reading the Charter related to the requirement for a 5 year plan. We found no levy limit language. We asked about that as a start to our meeting. Found out that there are bigger issues for Lino Lakes relative to approving improvement projects such as roads, etc.

There is a big issue with their Bond Counsel relative to issuance of bonds and the interaction between the City, citizens & Charter Commission

- Chapter 8, Public Improvements, has ambiguities in it
 - 1 year prohibition on any action after it is disapproved
 - Several ways to disapprove
 - Disallowment
 - Council Action
 - Majority of Property Owners petition
 - Chapter 429 provisions talk about benefitted and frontage properties
 - Charter says there's a 60 day wait
 - Property owners can petition against (1 signature is allowed per person regardless of the number of properties or amount of footage abutting an improvement)
 - Property owners can petition for

- Once the petitions are verified & taken to the Council, the ability to assess is taken away
 - If the improvement is paid for by any money other than 100% assessment money, then it must go to an election.
 - Any use of general fund dollars requires a referendum.
- In '98 a street reconstruction project was approved
- Subsequently have had 3 fail at referendum
- Have done several without any assessments
- In last election a project was approved that was 100% paid for by General Funds
- Cost to City for referendum failures is ~\$80K.
 - Could do cheaper with fewer details, but
 - Charter requires that the referendum (assessments) must cover 100% of the costs.
 - Therefore projects must go to pre final design to get good cost estimates prior to proceeding to either City Council or referendum requests.
 - Had to update studies for second time, so saved some of those dollars, but had to update them at some additional cost.

What started the issue?

- City is still a developing city.
 - Had ~ 2K people 20+ years ago when the Charter was written.
 - Now has ~21K people.
- ~ 40 years ago developers were leapfrogging farm lands, developing rural properties that were not contiguous to other places where City services such as water & sewer were available.
 - The farms in between the place where services existed, and the new development, were being assessed for running the lines along the roads in front of their farms.
 - They often were not able to stop it, but were charged for the improvements based on the amount of frontage they had to the road.
 - Often they did not want or use the improvements.
 - In short, were assessing farmlands to provide improvements for developers and developments.
 - Was determined that that, by policy, would skip utility assessments to farmlands.
- Now City is ~ 1/3 developed; ~ 1/3 water; with ~ 1/3 yet to develop.
- City of Centerville is 3 square miles in the center of Lino Lakes.
- Road reconstruction is now an issue that the City is facing, but the Charter provisions, which were designed with something different in view, are causing big problems now.
- Section 7.10 of Charter, City Indebtedness, is unclear, but city generally follows state requirements.
- Majority of Charter says: Follow State law
- Mayor's dad was influential in putting the Charter together. Was both council person and Mayor.
- Now, attitude seems to be that the Charter should not change, despite changed circumstances.
- TRUST is a big issue, for people to understand hypothetical situations is hard.

LONG TERM (5 year) PLAN

- Last few years have not done one
- 2008 was last one that was adopted by the Council
- Mayor opposed it because growth was in it, 6 police plus several \$'s to accommodate new homes.
- Did the 5 year plan because was required by Charter,
- Were not many complaints by citizens because it was not done

- Biggest issue was that the plans contemplated large continued growth of new homes, ~ 130 +/- from one developer. Development was held up by economy, but was not clear if it was cancelled or postponed. Therefore, could not plan.
- Are trying to put one together this year
- Staff has been challenged to right size for City now, still be able to accommodate developing undeveloped property, and meet current obligations. Have downsized staff considerably, may need to continue to downsize.

CHARTER COMMISSION RELATIONSHIPS/ Spending issues

- City is under state levy limits now
 - Been lowering taxes for 5 years
- Charter Commission feels that there are too many loopholes in the state levy limit
- City Manager believes the Charter Commission is trying to supersede the City Council
 - Has members on it who were Council candidates, but who were not voted in
 - Trying to be a shadow Council
 - Are proposing levy limits now to go in the charter
 - Very difficult to live with levy limits because 2/3 of City is not developed & need to be able to accommodate that growth.
 - Foresees growing City government from growing population of City
 - Currently are in a world of hurt
- Mayor
 - Must bring level of resources in line with current situation
 - Are down ~ 8 people, ~ 10% of City staff
 - May be a solution without a problem to put the levy limits in the charter
 - Had a surplus last year, so are making a road reconstruction fund
 - Have lots of new roads
 - Enterprise funds are accumulating cash to equal depreciation, so some cash is set apart in those funds.
 - Levy limit impetus: ~ 5 years ago were talking about a 5% (levy) limit on the General Fund & there seems to be some momentum building
 - TRUST with Charter Commission is an issue – will not be able to develop a relationship with some of them.
 - Meets with every citizen group and advisory group annually to discuss common issues
 - Is a small, tyrannical group on Charter Commission that causes issues
 - Would like to have fresh blood and needs to really work with Charter Commission to make Charter work better.

What would do differently?

- Should be less restrictive in charter provisions
- Had a Citizen task force that worked 1+ years with the Charter Commission to deal with some of the Charter issues
 - Invested ~\$20K
 - Really drilled down into issues
 - Produced a Charter/ State 429 hybrid, giving power to neighborhoods & City Council to meet their needs versus having everything in the City covered by each issue
 - Was getting City Council buy in
 - @ last minute group of citizens had an overreaching proposal (eliminating all Charter limits on the City council relative to levy & assessments)
 - City Council threw out the results of the Citizen Task Force & supported the overreaching proposal

- Went to referendum,
 - Council put theirs on the ballot
 - Was a petition that put another one on the ballot (maybe Charter Commission output?)
 - Was a third one on the ballot
- Charter Commission got really politicized & that is where the issue stands now
- Have had zero LGA since 2003
- City Manager will send:
 - Copy of 5 year plan
 - Task Force Report

Star Tribune, November 1, 2008

Lino Lakes has grappled with the taxing authority for at least a decade. Most recently, a citizens' task force examined the issue and recommended the city nix the referendum system and replace it with a process like Mounds View's.

Shortly after, Fossey and several neighbors started collecting signatures on a petition to abolish citizen taxing authority completely. Rather than have two questions on the city charter Tuesday, the city decided to go with Fossey's, Heitke said.