

City of Excelsior
Hennepin County, Minnesota

MINUTES
EXCELSIOR WORK SESSION MEETING

July 7, 2014

Council Chambers

6:00 p.m.

1. CALL TO ORDER/ROLL CALL

Mayor Gaylord called the meeting to order at 6:03 p.m.

Present: Councilmembers Beattie (arrived at 6:16 p.m.), Caron, Fulkerson, Miller (arrived at 6:05 p.m.), and Mayor Gaylord

Absent: None

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

2. AGENDA APPROVAL

Fulkerson moved, Caron seconded, to approve the agenda. Motion carried 3/0.

3. REVIEW 2015 PRELIMINARY GENERAL FUND BUDGET

Tumberg said that the revised 2015 preliminary budget is showing a zero percent levy increase. The zero percent levy increase is attributed to: increasing the revenue projections for the permit-related items, decreasing supply costs in the administration department, and decreasing the preliminary estimate of 4 percent for the South Lake Minnetonka Police Department to 2.7 percent.

Tumberg asked the City Council if they were comfortable with the more aggressive revenue estimates for the permit-related items. She believes the estimates are still fairly conservative given the trend over the last couple of years and the projects that are on the horizon. Mayor Gaylord asked how the revenue estimates can be aggressive and conservative at the same time. Tumberg responded that if the permit-related items revert back to the revenue they generated in 2010 and 2011, then the estimates are incredibly aggressive; but if they continue to trend at the 2012 and 2013 rates, then the estimates are conservative.

Mayor Gaylord commented that he liked the zero percent levy increase scenario, but will the City run into a problem in the future given the revenue fluctuations in the past? Tumberg said that staff has had similar conversations; staff keeps budgeting revenue conservatively because they think this building trend cannot continue into the future, but the trend has not dissipated. Tumberg does not believe the revenue estimates are too aggressive; the dollar difference could be easily made up if needed.

Fulkerson stated that even with the more aggressive revenue estimates, the estimate is still low compared to what the City received in revenue over the last couple of years. Caron felt comfortable with the revenue estimates because the projection is based on a three year trend.

3. REVIEW 2015 PRELIMINARY GENERAL FUND BUDGET - *Continued*

Tumberg asked the City Council if they wanted to transfer additional money from the Dock Fund to the General Fund since the Dock Fund has a fund balance of about \$135,000 of unrestricted funds. Miller inquired about the savings plan for the Dock Fund since he was under the presumption that the City was behind in savings and needed to catch up. Tumberg said that the fund has caught up over the last year and that it now has enough fund balance to cover the replacement cost of one dock, which has been the desired amount of savings.

Mayor Gaylord questioned whether it makes sense to pay down the bond from the last street project with the preliminary levy at zero percent. Tumberg responded that the bond cannot be paid early, and even if it could, she would advise against it since the bond has a competitive interest rate.

Tumberg added that the preliminary budget does not include any money to prepare for the bonding of a future street project. Mayor Gaylord asked how much money should be set aside; Tumberg recommended at least \$30,000, which is about a 2% levy increase. Caron asked how much money was set aside in the 2014 budget for a future street project; Tumberg answered about \$29,000.

Tumberg stated that the levy needs to increase by \$100,000 between now and 2016 to prepare for the cost of bonding for a future street project. Miller said that the City can get to the targeted amount if approximately \$30,000 is set aside each year. Mayor Gaylord believed that some money should be set aside to account for a future street project. Caron suggested adding \$30,000 to the preliminary budget to find out its impact to the levy; then the Council could decide how to proceed.

Tumberg asked the City Council about the Heritage Preservation Commission's (HPC) request for \$5,000 to apply for a matching grant to complete a study of the government buildings. Fulkerson asked why the HPC wants to conduct the study since she believed all of the buildings have already been studied. Caron speculated that the HPC wants to study the Excelsior Elementary School building, but wanted to know more about the request before the City Council makes a decision. Fulkerson believes the City undertakes too many studies and that this study should not be done because it is too expensive. The Council agreed to leave the \$5,000 in the preliminary budget and find out more information before making a decision.

Tumberg mentioned that the preliminary budget includes an \$8,000 market rate adjustment for the city planner position. The salary survey from 2013 revealed that the city planner position was underpaid compared to other cities with a population of 0-7,000 people. As a result, the position received an \$8,000 market rate adjustment in 2014 and was recommended to receive another market rate adjustment of \$8,000 in 2015 to make the position competitive. Luger has not yet completed the 2014 salary survey to see if the position is still underpaid.

3. REVIEW 2015 PRELIMINARY GENERAL FUND BUDGET - *Continued*

Fulkerson questioned the necessity of increasing the city planner salary since the position was recently filled by someone who was well aware of the rate of pay. Mayor Gaylord agreed, if the city planner recently accepted the position at the current salary then why should it be increased? Luger responded that the salary needs to be competitive in order to retain good quality employees. Beattie commented that the previous city planner was aware of the \$8,000 market rate adjustment and he still left.

Miller said that an adjustment should be made if the updated salary survey reveals that the city planner salary is still low when compared to the median salary. Caron stated that she would like to see the updated salary survey before making a decision on the market rate adjustment. Luger suggested leaving the market rate adjustment in the preliminary budget and then removing later if the updated salary survey shows that the position is competitive.

Beattie remarked that \$8,000 is a lot of money and that the City Council needs to look at the complete budget and all of their priorities before making a decision. Miller proposed phasing in the market rate adjustment if the City Council wanted to fund other priorities in 2015. Caron thought that a partial year adjustment might be appropriate given that the city planner has only been employed by the City for four months. Caron reiterated the importance of not making a decision until the City Council sees the updated salary survey. The Council agreed to leave the \$8,000 market rate adjustment in the preliminary budget and make a decision once the 2014 salary survey is complete.

Tumberg said that in the past, the City Council has expressed an interest in possibly adding a full-time park maintenance employee. Tumberg asked the City Council if they wanted to include this position in the 2015 budget. Mayor Gaylord asked if a full-time maintenance employee can be justified; how much maintenance really needs to be done? Wisdorf responded that adding another seasonal maintenance position might be more beneficial than adding a full-time position.

Mayor Gaylord asked if contracting out park maintenance would be an option. Wisdorf said that it could be an option, but it may be fairly expensive depending on the frequency of the maintenance. Mayor Gaylord asked how much it would cost to contract out the mowing and trimming of the parks and cemetery. Wisdorf estimated that it would cost approximately \$12,000 to \$20,000 a year if the mowing and trimming was done once a week. Mayor Gaylord commented that there must be a more cost effective option. Wisdorf stated that the cost is high because most of the expenses are related to labor and overhead.

Caron stated that she would like to see more of the items on the 'nitpicker list' resolved. She said that little items such as the cleaning of the tree grates and the trimming of the branches are typically done before big events, but she would like to see the little maintenance tasks done more often. Caron thinks the City needs another maintenance employee.

3. REVIEW 2015 PRELIMINARY GENERAL FUND BUDGET - *Continued*

Wisdorf believed that adding another seasonal employee that focuses on maintenance could help alleviate some of the items on the 'nitpicker list'. Wisdorf also suggested the City Council allocate some additional funding in the parks capital fund so that there is money for the supplies to complete the maintenance projects.

Wisdorf said that it is difficult for the public works department to stop their regular maintenance schedule to complete a new project, but once the project is completed, it is easy for them to incorporate it into their regular maintenance schedule. If the City hires a seasonal employee to complete some of the maintenance projects, then the public works department can maintain them. Wisdorf added that some of the maintenance issues will be resolved with the installation of the irrigation system.

Miller thought that the seasonal maintenance employee was a good starting point. Mayor Gaylord asked how much the position would cost; Tumberg responded approximately \$17,000 after minor benefits. Wisdorf suggested adding at least \$5,000 for the materials to complete the maintenance projects.

Mayor Gaylord wanted to know how much it costs to maintain The Commons, Beattie agreed that this information would be useful. Staff agreed to put together the total cost to maintain The Commons for the City Council and the public to understand how much this asset costs them.

Tumberg asked the City Council if they wanted to include funding for an event coordinator in the preliminary budget. The position was originally included in the 2014 preliminary budget, but then was removed to see if the new city clerk had time to manage the special events. It has become apparent that managing the special events is too much to add onto an existing position, especially with more events wanting to come to Excelsior. Mayor Gaylord added that some of the events have gotten bigger, such as the Cities 97 broadcast that involved a live performance by the band O.A.R.

Caron wanted to get more information about the event coordinator position and inquired whether the position could pay for itself by looking at the recommendations of the Sandall Marketing Study. Miller agreed that the Sandall Marketing Study might provide some valuable insight and that the City Council should discuss the position again once more information has been collected.

Miller suggested that the City could manage its risk by starting with a contract event coordinator and then moving to a full-time position if needed. Mayor Gaylord thought that it might make sense to share an event coordinator with the Southshore Center. Miller proposed paying for the event coordinator with commission. Caron responded that if it is a commission based position, the City may get events they do not want because the person wants more commission. Luger said that one potential revenue source for the event coordinator position is a lodging tax, but until the hotel gets built and the City Council passes a lodging tax, this revenue source is non-existent.

3. REVIEW 2015 PRELIMINARY GENERAL FUND BUDGET - *Continued*

The Council agreed to not include funding in the preliminary budget for the event coordinator position, but to discuss the topic further once more information has been compiled.

Beattie asked what the preliminary levy would be if all of the changes that were discussed tonight were made to the budget. Tumberg responded that if the City Council keeps the \$5,000 study for the HPC, and the \$8,000 market rate adjustment for the city planner, and the \$9,000 contribution for the Southshore Center; and adds funding for a seasonal maintenance employee and the 2016 street project; then the levy would be at approximately 5.5 percent.

Caron remarked that this preliminary levy does not take into account the transfer from the dock fund, which should be included in the budget. Tumberg believed the dock fund transfer and the Phase III street project transfer could wash each other out, leaving a preliminary levy increase of around 2 percent. The Council directed staff to put together some budget scenarios for them to consider at their next meeting.

4. ADJOURNMENT

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

Respectfully submitted,

Kristi Luger
City Manager