

City of Excelsior
Hennepin County, Minnesota

MINUTES
EXCELSIOR CITY COUNCIL WORK SESSION

NOVEMBER 17, 2014

1. CALL TO ORDER/ROLL CALL

Mayor Gaylord called the meeting to order at 6:14 p.m.

Present: Councilmembers Beattie (arrived at 6:17 p.m.), Caron, Miller, and Mayor Gaylord

Absent: Fulkerson

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

2. AGENDA APPROVAL

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

3. 2015 BUDGET AND TAX LEVY

Tumberg said this is the last Work Session before the December 1, 2014 presentation on the proposed budget, the levy and the scheduled Public Hearing. At that meeting, Tumberg said property owners will have an opportunity to discuss the proposed budget and the levy increase.

Tumberg said that the items the Council discussed at the November 3, 2014 meeting have been incorporated, and the levy is now at two percent. Tumberg said the two percent increase is allocated towards the Phase III Street Project. Tumberg said she is looking for feedback from the Council whether or not they are okay with the two percent levy increase.

Miller questioned whether there is a recurring expense against the fund balance or if it is only a one time transfer. Tumberg said it's a one time transfer.

Luger said the amount needed for parks maintenance supplies will not be known until later. Tumberg said it may be a couple thousand dollars.

Tumberg asked if the Council has any other changes to discuss regarding the General Fund and the levy increase. She said the fourth of July costs are at \$2,000 and the split of police costs versus fireworks will be a discussion for later.

Tumberg said the Event Coordinator position is not included but that this position is something the City would like to pursue in the future. Caron asked how much was originally budgeted for this position. Tumberg said it wasn't actually a number listed in the budget. Luger said it was anticipated to be between \$15,000 and \$20,000 but the actual amount may be double that amount. Mayor Gaylord asked if staff has had

3. 2015 BUDGET AND TAX LEVY – *Continued*

any discussions with the City of Shorewood on this position, which would reduce the City of Excelsior's costs. Luger said no. Luger said that staff thought a contract person would be cheaper, but it actually came out higher.

Beattie asked if a sales tax increase could pay for this position. Luger said she is unsure but that a lodging tax could possibly be used to pay for the Event Coordinator position.

Luger stated that increased fees for Special Event Permits would not cover the costs of the Event Coordinator position. Tumberg said funds received from Special Event Permits are used for other budgeted items.

Luger said that staff could not come up with any way for this position to be commission-based. Tumberg said a commission-based position would attract too many events to the city.

Beattie and Caron commented on home value increases that were recently sent out. Caron said both commercial and residential increases were shocking.

The Council was in agreement on the two percent levy increase and to have these funds go to the Phase III Street Project.

Mayor Gaylord asked about next year's increase and whether it would be for street improvements. Tumberg said that it may be, along with other improvements.

Tumberg said residential dock rates includes more information to update some of the numbers. Tumberg said that the entire Dock Fund, including commercial, had an unreserved fund balance rate of about \$135,000 and the target was \$175,000. This year, Tumberg said she is projecting about another \$75,000 will be added to the unreserved fund balance in the Dock Fund. Tumberg said the question is what the Council thinks the rates should be and what is a fair increase. Tumberg said she updated the dock budget number with the two percent increase that the Council discussed at their last meeting. In previous years, Tumberg said that all of the dock spaces weren't rented because of low water but that all of the docks have been rented in recent years. Tumberg asked if the Council wants to move ahead with the two percent increase to the dock rates.

Mayor Gaylord said he likes the two-tier rate that Miller proposed at the November 3rd Council meeting but also likes one flat rate, which will still achieve increased revenue. Mayor Gaylord said the flat rate would be based on a 24 foot boat length and it puts the City in a better position for managing, administratively.

Caron said that she has not changed her position on the residential dock rates. She said she would prefer to go with the two percent increase and does not want to change the rate structure. Caron said that Excelsior does not offer many amenities at the docks, so she feels this is fair.

3. 2015 BUDGET AND TAX LEVY – *Continued*

Miller asked when the last time rates were increased. Tumberg said that in 2013, rates went up three percent across the board.

Miller asked the percentage of revenues that is transferred to the General Fund from the Dock Fund, as stated on the dock application. Miller said that 30 percent of the total revenue would be about \$80,000. He said he likes the idea of a single rate because it may be administratively better, along with keeping rates down for everyone.

Caron said the City will never be able to meet the demand for docks.

Beattie asked Miller to restate his suggestion from the last Work Session. Miller said that he had suggested a two-tiered rate, at 20 foot and 24 foot boat lengths. Miller said that Mayor Gaylord's idea of a flat rate is also appealing and may not be too bad for the small boat owner. Caron said she is okay with the smaller percentage increases but that she is not willing to seek a much larger sum of revenue from the docks. Miller asked Caron if she is interested in the two-tier structure. Caron said she questions why the Council is looking at changing the policy. Caron said that the Council should discuss a percentage increase and not just look for a way to increase revenue. Caron said she hasn't heard of any problems with the Dock Fund.

Mayor Gaylord said the argument is to reduce the tax burden for residents by increasing the dock rates.

Miller said police rates may increase and that the increased dock rates would be a good way to offset that increase.

Beattie said the docks are one of the only assets Excelsior can generate revenue from and the City should start working on it.

Tumberg said the Park and Recreation Commission will be discussing dock rates with the dock renters at their December meeting. Tumberg said that the Park and Recreation Commission discussed a flat rate at previous meetings.

Miller suggested a three percent increase, have the Park and Recreation Commission discuss a two-tier structure, and look at adding another dock in 2015.

Caron asked about extending the docks out further. Miller said the City should look at adding another dock before extending the docks further.

Mayor Gaylord said there are several options: a single flat rate, a two-tier rate, or an increase of three percent with the one or two-tier rate.

The Council agreed on a three percent increase and to include an option in the budget presentation for a single or two-tier system to be discussed in 2015.

3. 2015 BUDGET AND TAX LEVY – Continued

Beattie said he would like to get some options from the Park and Recreation Commission. Caron said she would like to have a meeting in January to discuss options with the public.

The Council directed the Park and Recreation Commission to discuss the fee structure of the docks with the dock renters at their End of Season Meeting on December 9th.

Tumberg said the Council discussed at the November 3rd Work Session meeting about moving St. Alban's Bay bridge up on the listing in the Capital Improvement Plan. Tumberg asked if it should be included in the next ten years. The Council agreed that it needs to be included. Tumberg said she will include a preliminary number as a placeholder for it.

In regards the the fund balance in the General Fund, Tumberg said the State Auditor's opinion and the audit firm management letter was to reserve approximately 50 percent. In 2013, Tumberg said the reserve was at 59 percent. With the budget going up again for 2015, Tumberg said the percentage will decrease somewhat and that there would be approximately 55 percent of fund balance in next year's budget. If the Council wants to bring this fund balance down to 50 percent, Tumberg said there would be about \$97,000 to transfer out of the Capital Improvement Fund. Miller said this seems appropriate. Tumberg asked whether the Council wants to transfer this out now or wait until 2014 is complete. The Council would like a transfer now and another potential transfer after 2014 figures are finalized. Wisdorf asked Tumberg when she would have the exact amount of the transfer; Tumberg said in March 2015. Tumberg said this will be included as part of the budget on December 15, 2014.

4. SOUTHSHORE CENTER

The Council continued this item to the November 17, 2014 City Council meeting.

5. CHARTER BOATS LEASE

Luger said that the charter boat owners are asking that their lease change from a five year term to a ten year term. All other terms of the lease remain the same and Luger asked the Council if they would be in agreement to a ten year term.

Caron said that the current lease has a five year term with a five year option to extend and asked if the charter boat owners are asking for a ten year term with a ten year option.

Dave Lawrence, 825 Hidden Lane and charter boat owner, addressed the Council and said that they are interested in a ten year lease with a ten year option to extend.

Luger suggested to the Council that they could do a ten year lease with no option.

5. CHARTER BOATS LEASE - *Continued*

Mr. Lawrence said it is easier to work with the banks if they have longevity. Caron said she is concerned about the two ten year terms. Mr. Lawrence said they like having the option but will do with just the ten year term.

Beattie said the question is pricing. Mr. Lawrence said they have been on the adjustable rates for the past five years. Miller said two percent minimum with a maximum of five percent Consumer Price Index (CPI).

Beattie asked if staff has looked at pricing. Luger said there are no comparables that are publicly owned.

Caron said that the current lease states, "lessee shall have the opportunity to use or share in the Port of Excelsior" and is unsure how that reads. Miller said the City could tighten up the language.

Luger said this item was only to get the Council's preliminary feedback and that the Council will see the new lease at another Council meeting.

6. ADJOURNMENT

Beattie moved, Caron seconded, to adjourn at 7:05 p.m. Motion carried 4/0.

Respectfully submitted,

Shirley Johnson
City Clerk