

City of Excelsior
Hennepin County, Minnesota

MINUTES
EXCELSIOR WORK SESSION MEETING

August 20, 2018

1. CALL TO ORDER/ROLL CALL

Mayor Gaylord called the meeting to order at 5:30 p.m.

Present: Councilmembers Beattie, Carlson, Caron, Miller, and Mayor Gaylord

Absent: None

Also Present: City Manager Luger, Finance Officer Horn, Public Works Superintendent Amundsen, and City Clerk Orlofsky

2. AGENDA APPROVAL

Beattie moved, Carlson seconded, to approve the agenda. Motion carried 5/0.

3. REVIEW 2019 PRELIMINARY GENERAL FUND BUDGET

Horn presented the 2019 preliminary budget with revisions to the General Fund Expenditures that include an increase in salary and benefits for the actual offer that was extended for the vacant City Planner position. The resulting increase to the General Fund of \$6,111 is reflected both in the General Fund Summary and the Detailed Expenditure Budget presented following the memo.

Horn also explained that the Tax Capacity Trend – Commercial vs. Residential shows an increase at 44% for Residential Properties and 27% increase on the Commercial Properties.

Horn presented Excelsior's history compared to the other South Lake tax rates as requested by the City Council.

Excelsior only receives half of a commercial tax dollar when compared to the residential tax dollar. The fiscal disparities program put Excelsior at a disadvantage.

Gaylord asked if there was a way for Excelsior to opt out of fiscal disparities.

Luger explained that it would take legislative action. Legislation has never exempted a city from the fiscal disparities program nor have they ever changed the formula.

Gaylord asked what if the commercial areas were replaced with residential.

3. REVIEW 2019 PRELIMINARY GENERAL FUND BUDGET-CONTINUED

Horn explained there are two pools of money commercial tax capacities go into, fiscal disparities and the State General Tax. Only 10% comes back to the City from the commercial tax vs. the 20% received for residential.

Horn explained that the Council should feel confident that the City has found creative ways to keep the General Fund property tax revenue down, and that only 60% of General Fund revenue comes from property tax.

Gaylord asked where the City is at with the process of partnering with Shorewood to hire a Building Inspector. The position was not identified in the 2018 budget and asked whether the 2019 budget allows for a Building Inspector.

Luger responded that it is expected the costs will remain the same but with a greater service level.

Miller asked about the contracts for T-Mobile; he thought there were built in step escalators.

Luger added that the City Council amended the contract and the escalators went down, but overall, the City will be locked in for 5 years which will bring the City more revenue.

Carlson asked when the contract was due for Tommy's Trolley. Luger explained that it will come up in 2020.

Horn explained that she cleaned up and decreased the transfers in from other funds for the budget. Luger added that the enterprise funds should really operate as their own independent businesses and so should the general fund. Staff has been trying to clean that up and properly allocate the expenses to the appropriate fund.

Miller asked why there was money borrowed to other funds.

Horn explained that they were not set up as Interfund Loans, but that the City historically transferred the funds among each other.

Miller agreed that he would like to see the funds allocated to be cleaned up and accurate.

Caron also added that the City has historically transferred funds and that she believed the dock expansion dollars would be allocated to the park fund for The Commons.

Miller thought that the Council agreed to a certain percentage not a certain dollar amount.

3. REVIEW 2019 PRELIMINARY GENERAL FUND BUDGET-CONTINUED

Caron said that she was sure the City Council had calculated the dollar amount; she thought it was \$100,000 for Community for The Commons to be used on a project.

Beattie asked if staff would set up a new fund to specifically allocate the funds for The Commons and the Park Dedication fees.

Caron agreed with Beattie that it should be clear where the dollars are coming from and what they are allocated for. It would help keep new staff and Council on track with the history.

Carlson asked what the increase in park maintenance was for. Horn explained that staff has cleaned up the budget to reflect current staffing time spent on park maintenance.

Gaylord mentioned that he thinks that the Council should outsource the cleanup and maintenance of The Commons. He thought that might help give Public Works relief, so they can attend to the water department and streets. It would allow one person to be focused on the City's asset of the park and keeping it clean and presentable.

Carlson would also support the discussion on outsourcing the maintenance of The Commons. Gaylord would like staff to investigate it for the next season.

Miller explained that he would only like to use a portion of the parking meter revenue go into the General Fund to offset the levy.

Caron thinks that the Council needs to decide on what they are going to do with the parking meter revenue and that she would like to discuss it further. She would prefer that the City does not rely on the parking meter revenue to offset the levy.

Miller explained that with the City looking at a 7 or 9% increase to the levy and the fact that the City has been hit with some extraordinary expenses this year that weren't expected, he thinks that the City needs to use the parking meter revenue to help offset the levy.

Luger explained that the City Council will discuss transfers in more detail at the next City Council Work Session.

Miller added that he would also like to take a deep dive into the dock fees.

Caron would like to see the full amount transferred to support the streets and Pavement Management Plan. Caron asked staff if the City Council could see the full picture of the general fund.

3. REVIEW 2019 PRELIMINARY GENERAL FUND BUDGET-CONTINUED

Horn asked the City Council where they thought the City could make that parking meter money up from the General Fund.

Beattie suggested that the City make it up incrementally over the next few years.

Caron said it was a mistake to leave these funds in the General Fund Budget.

Horn believes that Excelsior's fund balance policy was set for 50% and the City is at 66% at the end of 2017. Caron will look up the fund balance policy so that the Council knows exactly what it is.

The Council agreed there are no changes on the General Fund for 2019.

Horn explained that if the City Council wants to do a project in 2019, the City must do a bonding project. At the September 4th Work Session, the City Council will discuss the timing of future projects. Horn added that area one would include College Lake Area.

Carlson asked staff to give an updated price without curb and gutter for Area One.

Beattie added that he would like to see George and Lafayette completed.

Horn clarified that the City's estimates are old, and the City needs to proceed with a feasibility study to fine tune the estimates.

Caron asked for more time to discuss projects at a special work session so the Council has time to get through all the issues.

The Council agreed to leave the start time at 5:30 p.m. and to add a special meeting if it is necessary.

4. ADJOURNMENT

Beattie moved, Carlson seconded, to adjourn at 6:35 p.m. Motion carried 5/0.

Respectfully submitted,

Ann Orlofsky
City Clerk