

City of Excelsior
Hennepin County, Minnesota

MINUTES
EXCELSIOR WORK SESSION MEETING

November 19, 2018

1. CALL TO ORDER/ROLL CALL

Acting Mayor Miller called the meeting to order at 5:46p.m.

Present: Councilmembers Beattie, Carlson, Miller, Mayor Gaylord
(arrived 5:55 p.m.)

Absent: Councilmember Caron

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

2. AGENDA APPROVAL

Carlson moved, Beattie seconded, to approve the agenda. Motion carried 3/0.

3. REVIEW 2019 CAPITAL PROJECT, and ENTERPRISE FUND BUDGETS

Horn explained that the purpose of the work session was to review and discuss the preliminary 2019 Capital Project and Enterprise Fund budgets and the 2019-2028 Capital Improvement Plan (CIP). Horn added that she has updated the General Fund to reflect the recent changes the Council requested.

Miller asked about the \$300,000 transferred in to the Park Improvement Fund during 2018. Horn explained that the transfers were approved by Resolution on October 15, 2018 based upon the discussion at the October 1, 2018 Work Session where they discussed General Fund Transfers. During the Work Session, the Council directed \$200,000 be transferred from the General Fund and \$100,000 from the Dock Fund to the Park Improvement Fund.

Miller stated that he believed the Council was only transferring \$100,000 to the Park Improvement Fund.

Beattie also agreed with Miller and indicated that he only wanted a total of \$400,000 at the year end in the Park Improvement Fund.

Horn recalled that she had summarized at the end of that budget Work Session what the Council directed her to bring forth in the transfer resolution to the next City Council meeting.

3. REVIEW 2019 CAPITAL PROJECT, and ENTERPRISE FUND BUDGETS – CONTINUED

Miller added that he was not comfortable with the language in the memo suggesting that there would be an annual transfer from the Dock Fund to the Park Improvement Fund. He did not feel comfortable putting restrictions on future Councils.

Carlson was concerned that if the Council took out the money and reversed the transfer, would it impact the ability to take out less of a bond.

Beattie asked how much Park Dedication Fee was received in 2017. Horn said \$168,000 was received from The Waters.

Luger added that not all the Park Dedication Fees was from The Waters. Horn agreed and said there was approximately \$15,000 from The Villas and the remainder was from The Waters.

Beattie suggested to transfer \$177,000 from the Park Improvement Fund until its use can be determined for a specific project to the Capital Improvement Fund. He added that this would leave the Park Improvement Fund balance at \$400,000 and the future Council could determine if there was a specific project.

Horn said she would prepare a transfer resolution for the December 3, 2018 City Council meeting.

The Council thought the budget for 2019 was good.

Horn moved on to the 2019 Capital Improvement Budget.

Carlson suggested that the Council remove St. Alban's Bay from the Capital Improvement Budget and move it to 2020.

Horn reviewed the overall 2019 CIP Plan and asked if any other changes should be included at this time.

With the Council making no other changes, Horn moved on to the Utility Funds.

Staff is recommending small increases in the sewer rates but a larger increase in the water rates.

Staff explained they had obtained a water rate study from Springsted that included all Capital Improvement Projects in the Capital Improvement Plan.

Beattie asked if staff considered the water rates coming in with The Waters project.

Horn explained that the City has seen a decline in water usage over the last few years and therefore is proposing a base rate change and no change in the usage rates.

3. REVIEW 2019 CAPITAL PROJECT, and ENTERPRISE FUND BUDGETS – CONTINUED

Miller feels that an 18% increase in the water rates is too substantial and that the second project would have to wait if they had to increase the water rates that much.

Horn explained the water fund projections and rates. Horn recommends a transfer from the Dock Fund to the Water Fund to minimize the rate increases.

Horn showed a table of five-year rate increases compared to five-year operating expense increases and explained that the rates were never increased in a matter that was related to the expenses.

Horn said that to protect and improve the infrastructure that the City has, the Council will have to invest in the Water Fund. She suggests a \$100,000 transfer from the Dock Fund into the Water Fund.

Luger explained that conservation rates have worked, consumption is down, and appliances have become smarter.

Gaylord asked if the non-city residential rate could be raised at a different rate as the city residential. Luger explained no, the City cannot contractually do that.

Miller asked at what time the Council would have to make a decision on the rates.

Carlson asked staff to provide an estimate of overall rate changes.

Horn pointed to the chart included in the packet and said that with all the rate changes among the different utility funds, residents would still see less than \$100 increase per average household.

Gaylord noted that the Council was out of time and that the new information on the water and utilities was useful.

4. ADJOURNMENT

Carlson moved, Beattie seconded, to adjourn at 6:28 p.m. Motion carried 4/0.

Respectfully submitted,

Ann Orlofsky
City Clerk