

MINUTES

1. CONVENE CITY COUNCIL WORK SESSION MEETING

Mayor Labadie called the meeting to order at 5:30 P.M.

A. Roll Call

Present: Mayor Labadie; Councilmembers Callies, Maddy, and Sanschagrín; City Attorney Shepherd; City Administrator Nevinski; Parks and Recreation Director Crossfield; City Clerk/HR Director Thone; Finance Director Rigdon; Planning Director Darling; Director of Public Works Morreim; and, City Engineer Budde

Absent: Councilmember Zerby

B. Review Agenda

Maddy moved, Sanschagrín seconded, approving the agenda as presented. Motion passed 4/0.

2. 2024 BUDGET DISCUSSION

Finance Director Rigdon stated that the Council initially discussed the 2024 budget at their August 14, 2023 meeting where they identified areas that they could cut things back a bit in order to get the tax rate down. He stated that following additional review, staff was able to come up with \$101,728 of cuts from the initial budget which would change the rate from 10.6% down to 9.5%. He reviewed the personnel-related assumptions; General Fund revenues; property tax levy; taxable market value; tax capacity; City property taxes with market value increase; and reserves.

Councilmember Maddy asked if Finance Director Rigdon knew what the average or typical property value increase across the City was this past year. He stated that he would like to know what the average tax increase would look like to a homeowner.

Finance Director Rigdon stated that he does not know if that information is available yet but stated that he thinks they can infer that there will be an overall 10% increase. He noted that number would include new construction also, so for the average homeowner, it would probably be less than that and would guess it will be around 5%.

Councilmember Sanschagrín stated that the budget discussion generally focuses on the General Funds but noted that the Enterprise Funds were also part of the overall figures and asked if they would also discuss those this evening.

City Administrator Nevinski stated that they do need to get into the CIP and the Enterprise Funds and would recommend that the Council try to key in on Council priorities related to the General Fund and noted that staff has suggested some possible additional cuts for the second round of

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cuts some of which they think the Council should not move forward with. He stated that Finance Director Rigdon had included some options to lower the tax rate on page seventeen of the packet.

Mayor Labadie reminded the Council that they needed to have a hard stop time for this meeting by 6:45 p.m. and noted that she wanted to make sure that Council had a decent chunk of time available to discuss the CIP.

Councilmember Callies referenced page eleven of the packet regarding additional cuts by department that would result in an 8.7% increase and asked where details of those potential cuts were shown.

City Administrator Nevinski explained that there was narrative included in the packet on page twelve under 'Second Round of Cuts' and laid out in a spreadsheet on page sixteen of the packet.

Councilmember Callies stated that she knows there is always concern when there are double digit tax increases, but noted that she thinks it is important to look at what that actually amounts to in terms of numbers. She stated that she did not want to be so short-sighted this year that they end up just postponing projects, but would agree there appear to be some good areas for possible reductions. She asked about the second round of cuts proposed on page twelve for Administration regarding the possibility of moving from a bi-monthly four-page newsletter to an eight page newsletter distributed quarterly and asked how that would save money.

City Clerk/HR Director Thone stated that there would not be a huge decrease.

Councilmember Callies asked about the difference between newsletter mailing and newsletter postage.

City Clerk/HR Director Thone stated that postage is just postage and the mailing is for the contractor, who is the printing company, to gather it, fold it, and mail it.

Councilmember Callies stated that she thinks there is value in having a more frequent newsletter unless people are not interested in the content.

Mayor Labadie stated that she had gotten feedback that people like the newsletter and noted that she believed it may tune into a different segment of the City's population that may not be as tuned in to social media.

City Administrator Nevinski noted that staff has been having discussions about the overall schedule for the newsletters so there is meaningful content and are planning in advance to ensure what they send out is useful and meaningful information.

Councilmember Sanschagrín asked about the frequency in sending out newsletters from other cities.

City Administrator Nevinski stated that in his experience, he has seen cities to both quarterly and bi-monthly. He stated that there is more of a trend to have smaller bits of information rather than lengthy articles and attempt to drive them to the website for more information.

Councilmember Sanschagrín stated that he would be in favor of keeping it bi-monthly but having an open dialogue with residents to see if they were amenable to having it quarterly instead.

Councilmember Callies stated that she agreed and would also like to keep it bi-monthly for now.

Mayor Labadie moved the discussion onto the website and noted that the Council had all, at one time or another, expressed concerns about the website. She stated that she feels the only way that this can be addressed is by putting some money into it.

Councilmember Sanschagrín stated that he completely agreed.

City Administrator Nevinski asked if the Council wanted to spend the money right out of the gate or if they would be more comfortable spreading the costs out over a three year period.

Councilmember Sanschagrín explained that, in his opinion, the sooner the City can get this going the better.

Mayor Labadie asked if spreading the costs out over three years would actually delay the improvements or just be a way of making the improvements but spreading out the budgeting process.

City Clerk/HR Director Thone stated that the proposal is exactly the same but has a cost-phased approach.

Councilmember Callies asked if there was an additional finance charge to the cost-phased approach.

City Clerk/HR Director Thone stated was correct and reiterated that it would not delay the improvement process. She stated that the contract with the current vendor expires in March so the City would need to start the process this year.

There was consensus of the Council that if it does not cost the City more to move forward with the cost-phased approach that they would support that choice.

The Council moved their discussion onto the possible second round cuts in Public Works.

Mayor Labadie explained the reasons that she would not be in favor of cutting the 3rd part-time seasonal employee.

There was consensus of the Council that the City should not cut the 3rd part-time seasonal Public Works employee.

Councilmember Sanschagrín asked if the proposed second cut of \$13,000 in engineering fees was just in response to the discussion at the last meeting of actual costs coming in below budget and this would just be a way to carry the lower cost forward.

Public Works Director Morreim stated that was correct and confirmed that this reduction was looking at the actuals and bringing it down to historical averages.

Mayor Labadie asked about the possible item to cut costs in trees for parks.

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Public Works Director Morreim explained that currently, there is only one park, Manor Park, that has had any replanting of any significance but noted the presence of numerous ash trees in other parks and the idea was to kickstart plantings with the mindset that eventually those ash trees will need to come down.

City Administrator Nevinski noted that the City was also looking at potential grant opportunities so hopefully they will be able to supplement what the City decides to spend.

There was consensus of the Council that the tree budget should not be part of the second round of cuts, to reduce the engineering budget by \$13,000, retain the 3rd part-time season employee, and reduce contractual services, as discussed.

Councilmember Maddy noted that he had gotten some good idea in the past that said, "The best time to plant a tree was seven years ago."

Councilmember Sanschagrín suggested that the Council may want to return this line item to its original proposed amount and cover the difference in the costs with the reduction being proposed for the engineering fees.

City Administrator Nevinski clarified that the Council would like to allocate \$10,000 for trees in the 2024 budget.

The Council expressed their agreement.

Mayor Labadie asked for input on items listed within the Round One and Round Two cuts for Parks and Recreation.

Councilmember Callies stated that she agreed with the notion that the City should stay with the Music in the Park in its current form and not add additional concerts. She stated that she would have to rely on staff for the ideas proposed for printing and general supplies.

City Administrator Nevinski clarified that the printing cost was not an increase, but a shift, so the City is tracking which department is spending this money.

Mayor Labadie stated that she liked the idea of seeking additional sponsorships for the different events because she believes there may be ways to partner with the community in this fashion.

Councilmember Callies stated that she felt that there may be quite a bit of competition for sponsorships from places such as Excelsior.

Parks and Recreation Director Crossfield noted that Arctic Fever have had some tried and true sponsors over the years and noted that she believes there are other similar opportunities to find sponsors in the community to help offset some of the City's costs.

City Administrator Nevinski noted that the Parks and Recreation and the SCEC cuts are a bit more complicated and suggested that the Council consider the staff recommendations for this area in order to simplify things a bit.

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Councilmember Callies stated that she would agree with the staff recommendation of eliminating a total of \$12,100 from the Parks and Recreation Department. She noted that she was not familiar with the adaptive and inclusion subscriptions.

Mayor Labadie asked Parks and Recreation Director Crossfield to address that budget item.

Parks and Recreation Director Crossfield explained that adaptive and inclusion services are required in compliance with ADA. She stated that some cities do this in-house and some contract out. She stated that she had originally proposed to do it in house with the part-time position but if they did not have the part-time position then there would be a contracted fee for those services. She noted that after talking with City Administrator Nevinski over the last few weeks, they are planning to have her do it in house while they see what the demand is.

City Administrator Nevinski explained that upon further review, staff felt like this seemed like a lot of money to subscribe to a service that the City does not even know what demand there will be within the City. He stated that if the City has a need or a specific request, they may need to utilize reserves to meet that request. He stated that he wants to make sure the Council goes into this with their eyes wide open.

Councilmember Callies asked why this issue had come up this year and noted that she did not think it had come up in past discussions.

Parks and Recreation Director Crossfield explained that from her understanding it has been brought up before but the inquiring parties never fully registered for the program. She stated that she had been asked about it during her engagement with the community. She noted that she had brought up forward because she feels it is necessary.

There was consensus of the Council that that they will always fund whatever is needed for adaptive needs, but it was not necessary to put anything in the budget at this time.

Councilmember Maddy asked about the Travel, Conferences, School proposed cuts and whether staff would still be getting professional development. He stated that staff that wants to do a good job who do not get the opportunity to have professional development, typically end up leaving. He stated that he wanted to make sure that the City was not doing that to staff in any areas.

City Administrator Nevinski stated that he believed that they had included adequate funding in this area for State and local training and had just eliminated the National and higher level training expenses. He agreed that they should be equitable and invest in City staff.

The Council moved the discussion onto the tax levies and options to lower it other than reducing expenditures.

Councilmember Sanschagrín asked how these suggestions tied into the maintenance schedules and if it meant hurting ourselves in the process.

Public Works Director Morreim stated that they would have to take a closer look because he is not sure how this amount would change the maintenance cycles. He stated that they are currently at a good level but they do not have any extra equipment.

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Councilmember Callies asked if the City had been running short in the three areas within the report and they should increase it or if it was just a reflection of everything costing more.

Public Works Director Morreim stated that everything has gone up in price by at least twenty percent in the last few years which is why there would be a certain amount of nervousness if they chose to start reducing this significantly.

Councilmember Sanschagrín asked if \$128,000 would do the job for Public Works and allow them to be able to keep on top of their maintenance.

Public Works Director Morreim stated that it varies from year to year and explained that he would have to review the overall fleet information to make sure they did not deplete down too far.

Councilmember Callies asked what Park improvements this may effect.

City Administrator Nevinski noted that the City was not planning for any expenditures for Parks CIP in 2024, however, the Parks Commission took a look at the CIP and recommend some improvements that equated to about \$40,000. He noted that continuing to put money away helps to build the fund for future improvements along with revenue received for park dedication fees.

Councilmember Callies asked for an explanation of how the tax levy subject related to the CIP.

City Administrator Nevinski stated that the levies help to fund the Parks, Equipment, and Streets Funds which are then used to support the CIP.

Mayor Labadie stated that she is nervous to make these cuts in this area even though it would decrease the levy.

Councilmember Maddy stated that Public Works Director Morreim has some plans to get some equipment to better manage things like salt and asked if the Equipment Fund would be where that came from.

Public Works Director Morreim agreed that most of those improvements would come from the Equipment Fund. He noted that there are a lot of things that they want to do but they understand that it will take time.

Councilmember Maddy stated that he did not want to touch the Equipment and Street Funds.

Councilmember Callies stated that she agreed and noted that she believed the City could postpone the South Shore Park Master Plan again because she did not believe it was that urgent.

Planning Director Darling stated that when she first started with the City, there was only \$40,000 a year that was transferred into Park Improvements which meant that they could not do any equipment upgrades at all because there was not money for it. She noted that after Finance Director Rigdon started, they began increasing that amount a bit. She stated that those additional funds and the infusion of some park dedication fees from the Minnetonka Country Club and the apartment building, there was more money so they were able to begin rehab some of the park equipment. She stated that playground equipment costs are skyrocketing so they have been increasing the transfers so they can continue to do those improvements, but not have large projects every year because they need to let the funds accumulate. She shared recent examples

of costs to rehab various park equipment around the City. She stated that the fund is dependent on the transfers from the General Fund in order to do anything.

There was consensus of the Council not to make additional cuts in the Parks.

City Administrator Nevinski moved discussion onto the CIP and noted that the Council had talked about some of the improvements that they believe need to happen. He stated that staff sharpened their pencils and discussed doing some of the work in-house to help reduce costs. He stated that he believes Parks and Recreation Director Crossfield has a good plan for 2024.

Mayor Labadie noted that she had taken a tour of the Shorewood Community and Event Center (SCEC) to take a look at some of the things that Park and Recreation Director Crossfield was seeking money in order to replace them. She stated that some of them are truly in dire condition and noted that she had not realized this and is convinced that the proposed plan is okay.

There was consensus of the Council that the proposed reductions, as noted in the staff report, were acceptable for the SCEC.

City Administrator Nevinski noted that under Park Improvements, staff's question was whether \$10,000 for a quality Master Plan for South Shore Park would be enough. He stated that they could probably start to do some work in-house on some concepts but it could potentially be something that is pushed off a bit, as suggested by Councilmember Callies. He stated that the tennis court is in poor shape so there is most likely a significant capital improvement that will need to be made there. He stated that the retaining wall is aging but they believe it will hold. He explained that he was not sure that spending a bunch of money on this site, right now, was the best thing to do, but does think the City can make some improvements to striping at Manor Park. He noted that the City could have a phased approach to the South Shore Park Master Plan and simply begin it in 2024 and finish it in 2025.

Park and Recreation Director Crossfield noted that one of the things staff had discussed was doing some community engagement, in-house for opportunities at South Shore Park.

There was consensus of the Council to follow the recommendations included in the staff report to start the planning process for South Shore in 2024 and making improvements to striping and net at Manor Park, but not the entire plan for reconstruction/net/retaining wall work.

Public Works Director Morreim stated that the retaining wall is currently in 'okay' shape but admitted that it looked a bit rustic. He noted that the court is in worse shape, but agreed that there should be further discussion and examination before they spend much money on it.

Councilmember Callies stated that she believed that the Council had already discussed and come to consensus about leaving \$128,000 in both Equipment and Street Improvements.

City Administrator Nevinski noted that the Eureka Road Open House would be coming up in a few weeks and in 2025, the CIP shows full reconstruction which may not happen following the Open House. He noted that there had been some discussion about doing something to Eureka Road in 2024 but does not believe that the City has the budget for that work.

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Councilmember Sanschagrín asked if the Council would be talking about the Enterprise Funds at some point.

City Administrator Nevinski suggested that the Council may be to reconvene for that discussion.

Finance Director Rigdon stated that he was not sure the Council needed to hash this out tonight since infrastructure quality, improvements, and a rate study was on a future agenda.

Councilmember Callies asked if that meant they did not need to have the discussion about Enterprise Funds as part of the budget process because it would be coming up on a not too distant agenda.

Finance Director Rigdon agreed that it should be pretty soon.


3. ADJOURN

Maddy moved, Sanschagrín seconded, Adjourning the City Council Work Session Meeting of May 8, 2023, at 6:51 P.M. Motion passed 4/0.

ATTEST:



Sandie Thone, City Clerk


Jennifer Labadie, Mayor