

MEDINA CITY COUNCIL MEETING MINUTES OF JULY 23, 2009

The City Council of Medina, Minnesota met in special session on July 23, 2009 at 6:04 p.m. in the Medina City Hall.

I. Call to Order

Members present: Johnson, Weir, Crosby, Siitari, Smith

Members absent:

Also present: City Administrator Chad Adams, Finance Director Jeanne Day, Associate Planner Dusty Finke, Public Works Superintendent Steve Scherer and Police Sergeant Jason Nelson

II. 2010 Budget Work Session

Adams provided an overview of the attached memo, which included a summary of the proposed budget and tax levy along with a number of discussion points. Adams presented slides on the purpose of the work session, major 2009 and 2010 budget issues, staff process for preparing budget to date, market value history, taxes payable and tax rate history, tax rate, per capita spending and tax levy comparisons with other communities, examples of taxes payable on homes with varying market values, mandatory legislative changes and budgeting strategies for 2010.

Adams discussed the proposed general fund budget reduction proposal. Discussion was held by Council and no changes were directed at this point.

Discussion was held on the proposed tax levy increase of 1% (or \$25,811). Johnson, Crosby and Smith discussed favor for a 0% tax levy increase in addition to the prepared budget reduction and projected tax cut/freeze to residents. Weir and Siitari discussed favor of a small tax levy increase such as the 1% proposed by staff along with the prepared budget reduction and projected tax cut/freeze to residents. No action was taken on the tax levy and staff was directed to bring the discussion back at the August 18th work session and August 27th Open House.

Adams discussed some possible selling points to the public for rationale of the 1% tax levy or higher levy limit increase including:

- Promote the near \$90,000 budget expense reduction, tax cut/freeze to residents, no back-fill of full-time positions until revenue is sufficient, and salary freeze of employees.
- Set the preliminary levy at a higher amount prior to September 15th and reduce later if needed based on Council desire or in response to public reaction to their proposed tax statements in November. Establishing a 0% tax levy increase may restrict the City's ability and flexibility to utilize the tax levy in case some unexpected budget shortfalls arise between September and the end of the year.
- Utilize the tax base growth we have for 2010 taxes payable to increase the tax levy proportionately which is consistent with past philosophy of incrementally

increase the tax levy when tax base growth is present. Tax base growth may not occur for 2011 and the option to increase the levy will be more restricted.

- 2011 will likely be a more difficult year to budget for particularly if the public works facility and road improvement bonds hit tax rolls that year. A smaller increase in 2010 may help soften the constraints in raising the general tax levy at the same time as those projects.
- Promote the City's proposed responsible approach to the 2010 budget as is compared to what other communities are proposing for tax levies.

Adams noted that a \$5,500 special tax levy increase is also proposed as part of the equipment certificate debt service payment for 2010 taxes payable.

Adams presented options to cut the existing public service contributions in half or entirely for 2010. The Council agreed to cut in half for 2010 and eliminate for 2011.

Adams stated that small equipment acquisitions have been removed from the budget and will be funded through fund reserves only on an as needed, not routine replacement basis.

Discussion was held on building permit revenues and past practice for utilizing the revenues. The Council agreed the policy should change to establishing a true nexus of the costs and directed staff to bring back a proposal for a change in the policy.

Adams provided an overview of the 0% salary/wage increase for all union and non-union employees, proposed 0% contractual service increases, along with the projected increases in health insurance premiums. Discussion was held on the salary/wage and benefit proposals including the City's health contract with the consolidated pool that ends for 2010 and new quotes being solicited for 2011, 2012, and 2013. The Council agreed with the 0% salary/wage freeze for all union and non-union employees, 0% contractual services increases and maintaining existing employee/employer share of health insurance premium increases.

Adams discussed the paternity/maternity leave benefit and explained Medina does not have the same Family Medical Leave Act protection as an employer under 50 persons. The Council agreed staff should prepare a policy for Council review in consideration of up to six weeks of unpaid leave.

Adams presented some slides on a list of employee benefits, planning department resources, and administration intern plan.

Adams stated that general City fees will be evaluated further but were unlikely to bring in sufficient revenue source to off-set budget cuts. The Council agreed that the Common Bond Fund program and deferral of City development fees should be considered for economic development purposes.

Adams outlined the proposed 5% water user rate increase, 0% sewer user rate increase, and 5% storm water utility rate increase. Discussion was held on the needs to increase

the water and storm water rates and the freeze for sewer. Day explained the water rate increase was needed to fund existing debt/infrastructure. Adams explained the storm water rate is needed to continue funding state mandates through the City's MS4 permit. Day explained the revenues for the sewer system are higher than anticipated with the rate change and transition with the irrigation meter program. The Council agreed with the rate proposals.

Adams provided an overview of the Capital Improvement Plan including the various road projects, public work facility, city hall/police, fire facilities, park projects and trail maintenance. The Council agreed to utilize some more park dedication funds to support some or the remaining portion of the possible shortfall for the Field House facility and that more discussion should occur when bids are opened. The Council directed staff to review some cost comparisons for constructing and operating field lights.

Adams summarized the plan for the August 27th Open House for the Public Works Facility and 2010 budget.

Adams inquired if the Council was interested in setting a special meeting on August 5th to review the urban residential zoning regulations.

Weir motioned, Smith seconded to schedule a 6:00 p.m. special meeting on Wednesday, August 5, 2009 to discuss the zoning regulations at City Hall. **Motion passed unanimously.**

III. Adjournment

The meeting was adjourned at 8:30 p.m.

T.M. Crosby, Jr., Mayor

Attest:

Chad M. Adams, City Administrator-Clerk