

**STAFF SUMMARY
CITY OF MINNETONKA
STUDY SESSION
MONDAY, NOVEMBER 18, 2002
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Council Present: Dick Allendorf, Linda Koblick, Ken Tauer, Jan Callison, Al Thomas and Mayor Anderson

Excused: Terry Schneider

Staff Present: Geralyn Barone, Dale Eggenberger, John Gunyou, Dave Johnson, Pat Kehr, Mike Olson, Desyl Peterson, Ron Rankin, Mark Raquet, Joy Rikala, Lora Setter, Greg Sticha, Joe Wallin

Others: Eleanor Berscheit

Mayor Anderson called the study session to order in the Council Chambers at 6:31 p.m.

1. Reports from City Manager and Council.

City Manager John Gunyou discussed the upcoming November 25 regular city council meeting that will be held in the Boards and Commissions Room due to construction work in the Council Chambers, adding that the meeting will be televised. He noted that there would be no meeting on December 2nd due to the Congress of Cities conference in Salt Lake City, Utah. On December 9th, Gunyou said the Truth-in-Taxation Hearing would be held during the study session in the Council Chambers. He added that the Council will review Ward 3 vacancy applications at that session. He then noted that the last meeting of the year would be a regular city council meeting on December 16 in the Council Chambers. Topics to be covered at that meeting include adoption of the 2003 budget, interviews of finalists for the Ward 3 council vacancy, and approval of the layout of the CR73/Minnetonka Blvd. intersection.

Mayor Anderson reported that she, Linda Koblick and Community Development Director Ron Rankin had attended the Housing MN Convention on Friday. She stated that the group adopted a 48-policy platform, with about a dozen policies that were not good for cities. She said they worked to try to remove the policies, but their amendments failed.

Anderson also noted that she attended the ICA homeless awareness event at Cub Foods on Saturday. She discussed the flyer ICA distributed requesting that the former O&M facility be turned over for their use.

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Gunyou added that he, the mayor, and Rankin had met with the ICA director a few months ago. He said they had discussed the fact that the new facility will take the place of the old one on the same site, and that the new facility could not be completed until the old one was demolished. He also explained the safety issues in the old building. He said the city suggested that ICA approach the faith community for space. He also indicated that if ICA wanted to temporarily use warehouse space to meet holiday needs, that the city would work with them to obtain the necessary permits. He said the city didn't hear any response until this weekend, when the flyer was distributed.

Council Member Koblick said that ICA had once wanted the city to plan space in the new O&M facility. She asked about a temporary space in Plymouth on CR 6. City Attorney Desyl Peterson noted that there currently is a business school in that location.

Council Member Allendorf asked about the history of the current arrangement, specifically what the city's obligation is to ICA, both at present and ongoing.

Council Member Callison noted that the City of Eden Prairie has made space available to ICA, and that is where the idea came from.

Rankin answered Allendorf, noting that ICA was at one time located in the old St. David's school. As St. David's grew, ICA had to leave. Around that time, the city had purchased the current house on Williston Road for a storm water pond. Because the entire area was not needed for the pond, ICA was offered a lease at no cost. Now ICA's needs have outstripped the space, with the greatest need over the holidays. Anderson noted that ICA is talking about a need for ongoing, permanent space. Allendorf asked what the city's obligation is, and Peterson answered none.

Council Member Thomas said that Lenny Japs, who is active in ICA, had called and told him that the flyer was being put out. Thomas said he told him about the environmental issues at the old O&M facility site. O&M staff member, Pat Kehr, added that there are some asbestos abatement issues with the site. Gunyou reiterated that even if the safety issues could be remedied, the old building must come down in order to use the new facility.

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2. 2003 Budget Review.

Gunyou began the discussion of the 2003 budget by suggesting that input or comments on the basic memo be discussed first, followed by a section-by-section review of the document. He noted that the memo addressed issues that came up at the first budget study session.

Anderson pointed out the example of the Hopkins School District referendum increase on page seven and asked if there were any indication of how this compares to the recently passed Minnetonka School District referendum. Gunyou answered that the Minnetonka referendum is much larger and noted that this is not the first year of the Hopkins referendum, so it won't seem like such a large jump. He suggested that examples of the impact of the Minnetonka referendum could be put on the city web site. Callison asked that Wayzata examples be included.

Allendorf asked for more explanation of the park and ground maintenance cost uncertainties on page four of the memo. Gunyou answered that the nature of the improvements being made in the parks will determine the cost of their future maintenance. He said the costs are expected to be lower when the improvements are new, but will increase with time. The type of improvements will also affect future costs. He also addressed the issue of natural resource stewardship, noting that the forestry fund balance is decreasing, and that these issues will need to be considered. Allendorf said, in summary, that it appears the budget for next year is certain, but that there are uncertainties about future years. Gunyou agreed.

Allendorf said he had received his tax statement and noticed that, while he thought the city's portion would increase by 3.7 percent, when he did the math it was more like 7 percent. He said he saw some explanation in the memo, but wanted a more detailed explanation he could share with the public. Gunyou pointed out that some of the confusion was due to the county not including an explanation on the statement itself. He then addressed the information the county did provide, namely two columns, one listing increases due to "spending" and one listing those due to other factors. The city portion spending increase of 7 percent includes the parks referendum, rather than listing it separately as is done with the schools.

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Gunyou handed out replacement sheets for pages one and two, and 97 and 98. He noted that the original pages one and two did not show the \$1 million carry over amount in the correct fund.

Koblick asked about the drop in real estate tax capacity on page one. Gunyou explained that the state changed assessment ratios, which lowered commercial and higher-end residential property values.

Allendorf noted that the police department increased 8.09 percent from 2002 to 2003. Gunyou noted that the police department is the biggest budget line item, and that its growth from year to year is about 4 to 5 percent. He said that, historically, the department estimate is consistently over budget due to inaccurate personnel cost estimates. In order to improve accuracy, Finance Director Dale Eggenberger worked with the police department to develop a much better 2002 estimate, which was used for 2003 budget planning. He indicated that the past problems should now be resolved.

In looking at the Fire Department budget, Anderson asked if the city is up to its full complement of 80 paid-on-call firefighters. Chief Joe Wallin answered yes, and that there are 22 people on a waiting list as well. He noted that this is unusual, and that there will be quite a few firefighters eligible for retirement during the next three to five years.

Council Member Tauer asked about staffing problems at Station 5. Wallin answered that there is still some trouble, but that eight firefighters are there.

Gunyou and Eggenberger distributed a memo addressing projected city contributions needed during the next three to five years to adequately fund the fire pension fund. Gunyou noted that the city is currently making the contribution required to reach the target established by council.

In looking at the street maintenance figures, Allendorf asked about sharing equipment with Hennepin County. Kehr noted that the city does share some equipment with the county, but has not looked at purchasing equipment together with the county. Allendorf asked that this and other possibilities be looked at. Allendorf also noted that the natural gas increase under building maintenance was staggering and that other cities must be facing the same kind of increase. He asked that staff check with the League of Minnesota Cities regarding best practices or buying in bulk or other options for dealing with this problem.

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Recreation Services Director Dave Johnson explained that the projected change in recreation receipts was not attributable to the economy. He said there have been declining enrollment numbers and increased activity in the scholarship fund. Anderson asked if the scholarship fund is keeping up with need. Johnson answered that donations have exceeded expectations and the fund is in solid shape. However, he noted that requests are normally about \$4,000 at this time of year, but that this year they are at \$8,000.

Council Member Thomas asked that future budget reports contain a line noting revenues generated by departments.

Koblick noted changes in parks and grounds maintenance, namely increased maintenance expectations with parks renewal and trail patrol. Gunyou explained that trail patrol is included in the police department budget. Chief Joy Rikala added that temporary employees had been added in the past. In the future, she said that there won't be seasonal employees, and that the use of CSO and officer patrols will result in a savings of \$10,000.

Anderson asked about trail patrol arrests. Rikala answered that trail patrols don't have the power to arrest, and Lora Setter of the police department added that the patrols usually deal with PR and animal clean up issues.

In discussing the assessing budget, Anderson asked about tax court and how the cases were resolved. Rankin answered that there were 64 petitions, which are now down to 30. He said that, out of \$450 million appealed, about \$26 million was given up. Anderson asked about the pattern of property types involved. Rankin answered that there were very few residential petitions – most were commercial.

A discussion of aid given to other agencies ensued. Anderson expressed a concern that the city be sure to fund its own agencies and said that she expected that the city would soon receive requests for assistance from another theatre in addition to Stages. In response to a comment about the extent of materials, Gunyou suggested that staff could provide a summary page for each organization, followed by the detail pages.

Koblick commented that she likes to receive the detailed information and Anderson said she likes the application because the information on each organization is much more consistent.

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In discussing the Legal Department, Gunyou noted that a question about the functions of the department had come up at an earlier study session and that Peterson had prepared a brief overview and slide show about the department. Peterson gave the presentation and answered council questions.

Gunyou asked if the council would like background information on other departments and/or topics from time to time. Thomas answered that, unless the council was polled ahead of time and had questions about a specific item, he would prefer that time not be spent on it. Anderson said she was very interested in any extra information staff could supply on various topics.

Koblick noted that she received calls related to the forestry fund this year. She said citizens are concerned about changes to the diseased tree program and asked if the city had received any calls. Gunyou answered that the issue with the program is most commonly related to the city's authorized vendor, noting that people often can find a cheaper contractor to remove their diseased trees. He noted that staff intends to review the overall program in a future study session.

Callison asked about handicapped accessibility at the Williston Center, specifically switch-operated doors. Johnson said that making this change for all eight doors would cost \$32,000. Anderson said she would support a push button for the main door of the facility. Gunyou said that a discussion about the future of Williston Center is planned for the next CIP cycle. He suggested waiting until March to make any decision about accessibility improvements.

Anderson said she is willing to wait until March. Koblick suggested an interim solution of providing a buzzer for an attendant to come and open the doors. Johnson said he'd look into this option. Overall, the council supported the use of a doorbell for the outside front door of the facility and decided to discuss any additional improvements in March.

Anderson asked about cleaning attendants and Peterson said some are still needed for the women's locker room.

Callison suggested that a "How are we doing?" box would be helpful at Williston.

During a brief discussion on the Gray's Bay Marina budget, Anderson noted the excellent neighborhood meeting held for Libbs Lake Beach and complimented city staff on how well the meeting was conducted.

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3. Adjournment.

The study session adjourned at 9:11p.m.