

**STAFF SUMMARY  
CITY OF MINNETONKA  
CITY COUNCIL STUDY SESSION  
MONDAY, NOVEMBER 13, 2006  
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**Council Present:** Dick Allendorf, Bob Ellingson, Terry Schneider, Al Thomas, Tony Wagner, and Mayor Jan Callison. Brad Wiersum was excused.

**Staff:** John Gunyou, Merrill King, GERALYN Barone, Darin Nelson, Perry Vetter, Brian Wagstrom, Ron Rankin, Joe Wallin, Jo Colleran, Mark Raquet, Joy Rikala, Dean Elstad, Dave Johnson, and Liz Berger.

**Others:** Eleanor Berscheit

Callison called the meeting to order at 6:30 p.m.

**1. 2007 Budget Review**

Gunyou reported on resident and business attendance at the three public budget sessions. Despite widespread publicity, attendance was limited to one member of the general public, one former mayor, one representative from the Senior Federation and five nonresident high school students. He then provided an introduction to the preliminary 2007 budget.

In response to a question by Allendorf, King explained 35 to 50 percent is recommended by the state auditor as the appropriate level for undesignated fund balances. The 2007 budget includes 35 percent.

In response to a question by Allendorf regarding the projected increase of \$230,000 in investment income, King explained it is a diversion from the special assessment construction fund. Previously, that interest was accumulating and not designated; staff determined it was more appropriate to note it as investment income. Therefore, this will be a one-time increase in that figure.

In response to a question from Allendorf regarding \$140,000 in drug and DWI forfeiture funds in 2007, Gunyou explained it is for the new communication and technology systems. King added the expense is included in the CIP.

Rikala added the income from the DWI and drug forfeitures is stable. The police department is spending those funds to purchase a variety of capital items. This year a new speed trailer was purchased along with several computer enhancements. The police department is switching from normal laptops to touch screen laptops. This year \$35,000 was spent from these accounts. Gunyou noted the funds are one-time balances so they are appropriately being used for one-time capital expenditures.

Wagner questioned whether 450 hours of budgeted police overtime is enough to handle the city's traffic problems.

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Thomas agreed with Wagner's comments. He questioned whether more emphasis should be put into traffic enforcement.

Gunyou responded that one of the budget challenges this year is to fund priorities by making tradeoffs; this is a good example of that. The police department reviewed how much additional overtime would be needed to achieve traffic enforcement goals. Rather than add more money at this time, he suggested waiting to review initial program results.

Callison recalled the council previously discussed increasing public education as well as increasing officers' time. She expressed appreciation for staff's effort to follow council's priority direction without adding a lot more resources.

Gunyou added the approach discussed was to conduct surveys of targeted areas to check compliance levels, followed up with enforcement. At the same time, the police department will work on overall city-wide visibility. This budget reflects the program council discussed.

Thomas stated when residents complained about the quality of streets, funding was increased accordingly. However, the same emphasis has not been put on speeding and traffic issues. He asked Rikala whether the number of officers adequately meets the city's public safety needs.

Rikala responded she believes the police department is doing an adequate job. All officers understand traffic enforcement is part of their duties, similar to responding to medicals or a burglary in progress. She explained when the officers respond to a medical or a burglary in progress, they are taken off traffic assignments. The traffic enforcement scheduled for 2007 reflects the ramp-up undertaken in recent months, as well as the additional funding. She referenced Gunyou's recommendation to review the traffic enforcement program once it has been up and running, and encouraged the city to review police staffing over the next few years.

Callison asked if there are strategies the city should pursue to reduce medical calls or share the burden more. She is not sure whether some medical calls are false alarms.

Rikala responded over the next couple of years the fire department plans to review staffing levels and facility needs. Discussions about response to medical calls should be looked at from both the police and fire perspectives. When the police respond to a medical call, usually two or more officers are involved; many times the fire department is called to assist.

Gunyou noted as the update of the Comprehensive Guide Plan gets under way, the city needs to look at the service implications of an aging population.

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Thomas stated now is the time to think about that along with some proactive planning. He suggested an exit interview when Rikala leaves in order to find out her comments and ideas from her experiences. He believes the road issues will be solved, and then traffic will be the problem. He suggested getting ahead of public safety issues before citizens get too upset about them.

Wagner commented he likes the idea of checking in on the traffic enforcement data in six months or so.

Ellingson asked if the city receives revenue from criminal cases, as sometimes city attorneys can charge people court costs or prosecution costs rather than fines. Gunyou stated the city does receive some of these revenues, although the amount is not large. He recalled that a couple of years ago some cities became much more aggressive in keeping fine revenues, but the state changed the rules. He believes the city is doing what is allowable.

Thomas asked whether drainage maintenance efforts need to be increased. Wagstrom responded the public works and engineering departments work hand-in-hand on this issue. The federal government has mandated that waste water treatment plants as well as non-point discharges for stormwater have maintenance plans. When there is work to be done, public works abides by the plan submitted to the federal authorities. He noted that includes replacing pipes, cleaning out structures, and cleaning up debris in stormwater ponds.

Gunyou pointed out staff is planning to install a new computerized work scheduling system for public works. It will start in the utilities division and will expand to the street management division as well.

Wagstrom added the system will be expanded into the engineering department for stormwater drainage. Public works will implement it for the Inflow and Infiltration program to manage that information; there may be different programs within public works that need it sooner than others. It is tied to the GIS system so that everything is geographically located.

Gunyou noted public works' new fleet manager is a former ground fleet manager for Northwest Airlines. Wagstrom stated he is doing wonderful things. For example, the city is selling used anti-freeze and oils to recover some of that expense.

Allendorf asked about the fractional numbers of full-time employees indicated in the budget for 2007. Gunyou responded there are part-time personnel and others who split their time between divisions.

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In response to a question by Thomas, King explained the recent state sales tax audit, and related city compliance improvements. She noted other states do not make their cities pay state sales taxes. The required \$32,000 payment mostly represents back taxes and penalties from the period prior to implementation of city improvements. The bulk of the charges were at Shady Oak Beach because sales taxes were not being charged on revenue received. Staff plans to appeal the penalty because the state did not notify the city there would be a penalty. She noted the new measures now in place would prevent any future problems.

Callison asked about the projected continual decline in adult sports team participation. Johnson explained the decline is due to field availability rather than decreasing interest.

In response to a comment by Thomas about increasing scholarships for youths, Johnson noted Dick Wilson's wife passed away recently and memorials of \$3,600 were given to the scholarship fund in his name.

Thomas asked about the change in salary allocation between Minnetonka and joint recreation for two full-time positions. Johnson explained there has been a fairly significant reorganization over the last year. His salary has since been allocated more appropriately among divisions.

Thomas asked about a possible program to sell products to residents to get rid of buckthorn. Colleran responded that all pesticides are licensed through the state, and she believes there are legal issues with the city selling such products.

Gunyou explained a change in senior services, which does not affect the budget or the services people receive. Steve Pieh will now be a city employee rather than contracted. This will improve program accountability, and will be more efficient, since there will be one reception desk at the community/senior center rather than two.

Allendorf noted the increase in personnel cost from 2006 to 2007. Gunyou responded that increase includes Steve Pieh's salary as well as the senior coordinator. He noted the corresponding drop in other services and charges.

Schneider asked where the funds for the Comp Plan update are included in the budget. Gunyou responded \$120,000 is allocated among several areas in both 2007 and 2008 in the CIP.

Thomas recalled resident complaints about the length of time it took to issue permits for decks. He asked if staff has streamlined the permitting process for smaller projects. Rankin responded affirmatively. The coordination between the building side of it and the planning side has been improved. Smaller projects are now being handled in batches so they are done in a quicker manner.

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Allendorf asked whether VISA charges are passed on to customers. Rankin responded the city has not taken that approach. Like private businesses, the city has assumed the three percent charge as a cost of doing business. King added the city is in the process of renegotiating all the contracts related to credit cards, so there should be a decrease in fees.

Gunyou noted the DNR gave the city permission to cover LMCD dues out of the Gray's Bay Marina operations. This change will be phased in over the next several years.

Callison asked whether the council would agree to divert the \$750 budgeted for Communities in Collaboration Council to Teens Alone, an organization that has seen its revenues decline recently.

Wagner suggested the city give \$3,000 to Teens Alone rather than the \$2,000 previously budgeted. Council agreed to eliminate funding for Communities in Collaboration and increase total funding to Teens Alone to \$3,000.

Gunyou noted there has been a change in the city clerk's duties, budgets have been reallocated to reflect that change.

In response to a question by Wagner, King explained there would be a substantial increase in personnel or contract costs should the city change from quarterly to monthly utility billing. Gunyou noted such a change would spread out the large quarterly amount over several months. However, this means senior staffers could no longer be used to process the bills.

Schneider indicated he is not necessarily in favor of shifting to monthly billing simply because quarterly billings are high.

King stated another problem with quarterly billings is that people who pay in the summer do not realize how much they are spending on water until three months later, and at that point it is too late to adjust their sprinkling practices. As a result, the incentive of the inverted rate structure does not work very well for conservation of water.

Schneider stated he would support that logic more than the rationale that quarterly billings are too high.

Wagstrom stated the new radio-read meter system allows the city to read meters every month, and staff will be able to call the resident in the case of high water usage. The bills could still be quarterly, but city staff can look at potential problems earlier.

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In response to a question by Schneider regarding the long-term prognosis of cable television franchise fees, Gunyou stated that is still unclear. He noted the latest federal legislation now being considered would have a negative impact on city revenues that currently fund cable operations, as well as communications activities and festivals like Summer Fest and Open House.

Wagner asked if there will continue to be a deficit in the budget for burying overhead lines. Gunyou noted that is budgeted over a five-year period in the CIP, and that annual funding varies. For the projects on the horizon, the fund will be okay.

Gunyou noted King is going to add a separate line for the Inflow and Infiltration program in the utility division/utility fund budget. He added next year there are several major initiatives such as I and I, *Ready Minnetonka*, and changes in natural resources. Staff can provide mid-year updates for the council on these major projects.

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Allendorf asked if batting cage income is maxed out at the Williston Center. Johnson responded the city lost its contract with Baseball USA. As a result, use in the facility has changed so there is more space for walk-in use rather than organized activity.

Thomas thanked Johnson for his work in obtaining a surplus in the recreation enterprise funds. That is how it should be operated, and he appreciates it. Johnson noted the increase in total memberships is expected to taper off.

Allendorf asked about the cost of grinding stumps and whether that is a new cost. Wagstrom explained that is an ongoing fee. The city collects brush three days a week; the brush accumulates for a month; and then a contractor grinds it into mulch.

Schneider asked about the \$100,000 increase in park dedication fees from 2006 to 2007. King responded that increase reflects the park dedication fee to be collected for the Glen Lake redevelopment project.

Callison asked about the \$100,000 that was in the open space neighborhood match program. Barone explained that since no interest was shown, the funds have been reallocated among other acquisitions.

Allendorf asked about the status of the community investment fund. Gunyou stated the public works loan for the building is still being repaid. Allendorf asked whether the fund can be tapped if something unexpected comes up or if the loan has to be paid back first. Gunyou responded it was a loan made to the city by the city so there is considerable flexibility. He noted for a project to be spent out of the community investment fund, it has to be in the CIP for two years.

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Callison thanked staff for their hard work on the budget.

**2. Hennepin County Waste Abatement Grant for residential organic collection**

Gunyou provided an overview of the grant program.

Schneider stated if it does not involve a lot of staff time and effort, it is hard to say no. He is not sure it is practical to him personally, though some portion of the population may want to participate. He would not support this program if it caused an increase in waste collection fees.

Gunyou noted it would be privately billed. Other cities that have participated have found that residents who organically recycle are able to have trash collection every other week, so the fees are offset.

Thomas commented this does not require a lot of staff time, yet it provides a way for residents to feel better about recycling.

Allendorf stated he does not know the benefit of collecting organic waste versus placing it in the regular trash. If there is no cost savings for the citizens, he does not see any reason to go through the hassle.

Vetter noted the grant would last until December 2008, at which point each hauler would evaluate further participation. The program could end earlier if not successful. The concept is that organic recycling reduces the amount of garbage produced, so that trash collection could be reduced to biweekly. Additionally, the city sends trash from the metro to three states, so there is a long-term aspect to this as well. About 40 percent of what is put into trash right now could be considered organic recycling matter.

Ellingson commented the program is a good idea, although he personally already uses a compost bin for organic recycling. He wondered whether people will really do it and whether it will compete with those residents who are composting for free themselves.

Callison indicated she believes the city should give the program a try. Her only wish is that the compost could be reused within the community.

Allendorf asked about the impact on the streets of an additional trash pickup. Gunyou stated if it is a good road, it will be okay, but an older road may suffer. He noted it will create additional traffic as well.

Allendorf stated his objection is visual clutter and increased truck traffic. He asked if there is a way to make the composting mandatory every other week, so

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that there are never more than two containers out in any one week and traffic will not increase.

Gunyou indicated that would be up to the private hauler. Elstad stated the compost needs to be picked up every week for public sanitation reasons, but garbage pickups would hopefully be reduced to every other week.

With general council support, Gunyou indicated that staff will proceed with the grant application.

**3. Adjournment**

The study session adjourned at 7:56 p.m.

Respectfully submitted,

Laura Ronbeck  
Acting City Clerk