

**STAFF SUMMARY  
CITY OF MINNETONKA  
CITY COUNCIL STUDY SESSION  
MONDAY, OCTOBER 11, 2010  
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**Council Present:** Dick Allendorf, Bob Ellingson, Amber Greves, James Hiller, Brad Wiersum, and Acting Mayor Tony Wagner. Mayor Terry Schneider was excused.

**Staff:** John Gunyou, Geralyn Barone, Merrill King, Mark Raquet, Brian Wagstrom, Joe Wallin, Kevin Fox, David Maeda

**1. Public safety study update**

Assistant City Manager Geralyn Barone and Dave Unmacht from Springsted, Inc. presented a summary of the study.

Police Chief Mark Raquet said the fresh look from an outside consultant was very useful.

Fire Chief Joe Wallin said the plan would provide a needed roadmap and a long term vision.

Barone noted the city's police, fire, and public works departments work well together. The study points to increasing communication across the departments to look for additional ways for the departments to collaborate.

City Manager John Gunyou said the city had never before looked at its public safety services in such a comprehensive long term manner. He said the study provides a blueprint to be used as a framework for the next steps.

Wagner asked if the study addressed the city's increasing partnerships with other cities. Gunyou indicated information was included in the report about how the city is integrating public safety services with neighboring cities.

Greves said she was surprised that fire department recruitment and retention issues surfaced in the report given the city went to a duty crew model in part to address those issues. Wallin said short term the duty crew has helped with recruitment. Long term the department will continue to address the issues because as the city's demographics change, the type of people the department is trying to recruit will become fewer and fewer. He said more and more the department is seeing recruits coming in who are not the 20 - 30 year olds but people in the second phase of their careers. Greves asked if the current duty crew model addresses the retention issue. Wallin said it was a given that if the recruits are older they will not stay as long. He indicated much of the department's retention is driven by the pension. Recruits are not drawn to the job because of the pension but they stay because of it. Staff is working on a pension sustainability plan in part to address retention issues.

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Gunyou said one thing that came out of the study was the need to have more seamless procedures so that the police and fire departments would work more closely together on common procedures like medical calls.

Wiersum said the city faces greater and changing demand for its public safety services given the aging population. He asked if the report identifies things the city could quit doing because of the changing demands in light of dwindling resources and greater demand. Unmacht said the report does identify things the city would discontinue doing going into the future. The service would still be provided but potentially by other entities like neighboring cities, the county and state. He said those changes would occur when the opportunity arises. Internal changes will also streamline some of the city's services.

Allendorf asked for more information about a recommendation in the study "to enhance the role of business data in the operation of the police department." Raquet said this recommendation referred to statistical analysis and crime trends. Allendorf asked if Unmacht had specific recommendations about how the city would "seamlessly collaborate and change or integrate cultures." Barone said one example was the city's leadership's greater role in ensuring the proper conversations occur rather than relying on it just happening naturally. Gunyou said another example was one that already has started with common calls for medicals. There is now more collaboration on who responds and how they will respond and what the escalation procedures are. Unmacht said the study did not get into the specific details on how to change cultures. He said the ways to do it already exist in the city including the council setting clear expectations; having a city manager who makes it a priority; and having a culture that allows the change. The one thing that is missing is an identified process that would vary depending on what issue is being looked at. Allendorf said it would be easy to agree that collaboration was needed but more difficult putting a process in place to make that happen.

Allendorf noted the auditor indicated a few years back that the city saves around \$3 million annually by having an on call volunteer fire department. He said the study seems to indicate the city should go away from that model toward a more structured, full time department. Gunyou said that wasn't the direction staff intended to go. The struggle is that the all volunteer fire department is less and less a workable model. The duty crew model is becoming more common among cities that are not going to a full time department. The fire department is taking a step toward regular hours while maintaining a paid on call crew that still provides significant cost savings. Allendorf said if the city is going toward a full time department, it should have a plan in place. He also suggested that if changes are made to station three due to the Opus development and light rail, there also should be planning in place.

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Greves said there were logically a number of recommendations that were top heavy. Because a number of themes involved collaboration she said it was important to keep in mind getting input from daily staff as systems and processes are discussed. Wallin indicated the consultant did get input from the duty crews. He cited an example of getting input from the daily staff where the fire and police departments have tasked a few police officers and firefighters with redesigning and figuring out how to have the same medical bag in both police squads and fire trucks so everyone could go into each other's medical kits and find the same things. Raquet indicated that the police and fire departments were well on the way to better collaboration.

Wiersum said he was encouraged by what he was hearing. He agreed with Greves that cultural change will really happen with employees working closest with the customer.

Wagner said the executive summary of the study touched on collaboration with other cities. He said as the light rail proceeds it will be important to understand how the cities will react to incidents that start in one city and continue into another city. Gunyou said one advantage is the chiefs have good relationships with their counterparts in neighboring cities.

**2. Water and sewer utility rate study**

Gunyou provided a summary of the study.

Wagner asked if the discount program for seniors was an "opt in" program. Gunyou indicated that it was. Finance Director Merrill King said the program is advertised in the Minnetonka Memo. There are around 1,700 residents in the program.

Wiersum said a simpler system made a lot of sense as did having a base fee to cover the fixed expenses. Moving in the direction as recommended in the study was appropriate. He said an issue the study didn't really touch on however was one of the reasons for creating a tiered system was to encourage water conservation and that the conservation had not happened. This was in part due to the city not promoting water conservation effectively when the tiered system was put in place. He supports a tiered system but not without an educational component. He said he heard from a number of residents who said they never heard anything about the opportunity to conserve. If the city wasn't going to educate residents then everyone should be charged the same amount for water and sewer. Gunyou said some education had been done but the effort could be stepped up.

Wiersum said monthly billing should be available to everyone and there should be an incentive for people to move to online billing. He pointed out he gets

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information from his bank encouraging him to move to online billing, but they provide no incentive. The bank will save a lot of money if people move to online billing, but no savings are to be passed on to the customer. He suggested adding an amount to the fixed cost and then decreasing an amount to those who go to electronic billing as an incentive to do so. Public Works Director Brian Wagstom asked Wiersum if it made any difference in creating an incentive for those who go to online billing or a disincentive for those who do not. Wiersum said it would be much better to provide an incentive, because some people do not have a computer.

Allendorf said the study was confusing because it switched back and forth between monthly and quarterly information. He said he thought the recommendation was wrong because it penalized seniors. There will be more seniors in the future and the council has discussed strategies for keeping people in their homes and the recommendation was counter to helping seniors remain in their homes. Similarly, giving a discount for online payments penalized seniors who are the most likely not to have computer access or expertise. He said he supported moving to monthly billing but not at the expense of seniors. Wiersum noted the city could also save some money by encouraging people to pay their bills via automatic payments from checking accounts.

Gunyou indicated that with the proposed changes residents would be covering the costs of what they actually are costing the system. Currently seniors on the discount program are not paying for what they use resulting in charging somebody else more. Allendorf said that could be taken care of through a change in the rate structure.

Hiller said he had given a lot of thought about the issues raised by Allendorf. He said in all instances the city would win by having a fair system that is understandable by all. There are some residents who need the discount who are not senior citizens and giving an incentive to a subset of people was not the way to address assisting those who need help. He said the fees were not the mechanism to set social policy to try to keep people in their homes.

King said part of reasoning behind the proposed change was because of the single mother who had lost her job and came forward at a council meeting appealing the certification of her utility bill. The council had instructed King to look into providing everybody the senior discount. The proposed change was an attempt to do that. Under the change, people would be paying for what they use.

Wagner said he supported the concept of a fixed fee to cover the city's fixed costs. Even though there had not been documented success of conservation in the city, he still supported rewarding low users of the city's sewer and water system. He agreed with Wiersum's idea of providing some type of incentive to get people to switch to online billing. One of his concerns remains that while he is

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driving throughout the city during the middle of the day, he sometimes observes a commercial property that has its water on because the management company is not paying attention. He suggested staff consider creating a tier that would address those who have ongoing violations. Gunyou said rather than doing a tier, the city could create a penalty for repeat offenders.

Wagner noted there were two assumptions made in the study. One was that cash balances would be used to pay for improvements. He said Gunyou had assured him that the city was in the position to do that. The other assumption was that there would be non-drought conditions. If there was a drought then the city would not be covering its cost. Wagner said he had talked to Schneider who indicated there had not been a drought during the time he had been on the council and the city used to implement watering bans and interim rate increases. Gunyou said the city had not done interim rate increases during his time with the city. Jeanne Vogt from Ehler and Associates, said that when usage data is analyzed, it's important not to look at the two extremes either a wet year or a drought year. The analysis is done using historic data. She said the 2009 data was from a middle of the road year.

Wagner said the study indicated that the MCES charges for the city are 32 percent more than can be charged to residents because of the infiltration and inflow program. He asked if there was anything the city could do that would be cost effective to reduce the number. Wagstrom said there was still work the city could do and there was still work that could be budgeted through the CIP. Wagstrom said that in 2011 the city will have fulfilled its commitment to the MCES infiltration and inflow program, but the issue will continue to be an ongoing, longer term project similar to what is done with roads. He said Minnetonka is now in a similar position to the city of Plymouth. Plymouth fulfilled its commitment two years ago but still looks at places where an impact can be made. He suggested the Minnetonka will continue to work on a project specific basis to reduce I&I.

Greves said she was generally supportive of the recommendations. She asked what the new utility bill would look like with the new system. Would the basic charge be listed or would it be reflected as the fixed cost? King indicated it would be the fixed cost and likely be called the base fee. Greves said she wanted to make sure the educational piece is included to let people know what the base fee covered. King said staff currently receives a lot of questions about what the current "basic charge" covers. Wiersum said terminology should be used that people understand. If a term is not clear, a definition should be included on the bill.

Wiersum said from a public policy perspective, the city wants to encourage seniors to stay in their homes, but he agreed with Hiller's comments about providing a discount to those who truly need it. He suggested increasing the base

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fee up to \$5.20 for everyone except seniors and then phasing in the seniors who are currently in the program over five years. This would give time to implement a program that creates an opportunity for needy seniors. Gunyou noted creating a program for needy seniors would require the city to examine financial statements on an annual basis.

Wagner noted under the new system residents would have total control over what their water bill was through their use of water.

Gunyou said that there are only a few other cities that have a senior discount.

Wiersum suggested getting copies of bills from seniors who are currently in the program who are low, medium, and high users and then compare them with what their bills would look like in the new system. He said he was supportive of the proposed changes although Allendorf had made a fair point.

King said that the concerns raised about the seniors had been considered while putting together the study, but the recommendation seemed to be the most fair and equitable across the board.

Allendorf said if the educational piece makes it clear what the changes are, seniors will have issues with what the city has done and the wrong message will have been sent --- that Minnetonka does not want to keep seniors in their homes.

Wiersum said he would like the city to be serious about encouraging conservation by being creative in educating residents on how their water usage could be reduced.

Wagner asked what would occur if the high user water rate was raised. Vogt said from a financial standpoint, the city could raise the top tier for the water and that would also help for sewer. The city would have to make sure it stayed revenue neutral so that water and sewer independently supported themselves. Wagner said increasing the high user water rate might allow the city to lower the basic charge. Wiersum said historically the concept has been the basic charge covers the fixed costs. Gunyou said one thing that could be done would be to compare the average water bill for seniors with the average bill in other cities. It's likely to show that currently the average water bill for a senior in Minnetonka is substantially less than if they lived in another city.

Greves reiterated that the information on the bill should be clear because the last thing the city wants is a resident coming back thinking a charge is being billed that isn't paying for anything that the resident is using and can't be deducted for income tax purposes. Wiersum suggested using the term "infrastructure charge" rather than "basic charge."

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Hiller asked when the new system would be implemented. King said the analysis assumed the restructuring would start in January. Wiersum said he did not want the new system in place until the monthly billing starts. King indicated monthly billing would start after spring. Wiersum suggested doing the inflationary increase at the beginning of the year like is normally done. Gunyou agreed it made sense to make all the changes at the same time but do the inflationary increase in January. Hiller asked if there was a financial reason to link the monthly billing to the base rate increase change. King said there was not a financial reason. Wiersum said that monthly billing would provide a better vehicle for changing behavior related to conservation efforts and would assist with the educational efforts as well.

**3. Adjournment**

The study session adjourned at 8:31 p.m.

Respectfully submitted,

David E. Maeda  
City Clerk