

**STAFF SUMMARY  
CITY OF MINNETONKA  
CITY COUNCIL STUDY SESSION  
MONDAY, NOVEMBER 21, 2011  
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**Council Present:** Dick Allendorf, Bob Ellingson, Amber Greves, James Hiller, Tony Wagner, Brad Wiersum, and Mayor Terry Schneider.

**Staff:** John Gunyou, Geralyn Barone, Merrill King, Patty Latham, Joe Wallin, Dave Johnson, Perry Vetter, Mark Raquet, Brian Wagstrom, Liz Berger, Dave Blumberg, Elise Durbin, Lee Gustafson, David Maeda

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

**1. Recognition of Council Member Amber Greves**

Schneider read the recognition and presented an award for her time and service on the council. Greves thanked the council, staff, and residents and said it had been a pleasure to serve.

**2. 2012 Detailed Budget Review**

Gunyou gave the staff report.

Wagner asked if the city was on target with the fund balances that were discussed at the August study session. Gunyou indicated the city was on target and there were no major changes since August.

Wagner asked if the fire pension shortfall projected over ten years gets recalculated every year based on how the market does. Gunyou indicated that it did. King noted the city paid for an extra actuarial that allowed the recalculation.

Wagner noted the franchise agreement with Comcast was being extended. He asked if there were any major changes to the franchise fees being charged to subscribers. Gunyou said the major issue in the negotiations was the studio Comcast charges for public access programs. In the Minnetonka area, the studio is mostly unused so the question was why subscribers should be charged for maintaining an add-on that was little used. One option was to look at whether the studio could be eliminated. The city has mostly gone to web based programming that later gets shown on the cable channel and this could be continued without the studio. Unlike Minnetonka, other cities and the school district see the charge for the studio as another revenue source.

Gunyou suggested the city should have the option to reduce the fee for Minnetonka residents. He said as negotiations are further along, staff would bring the item back to the council for discussion. Wiersum asked the amount of the fee being collected. Gunyou said Comcast was collecting a quarter per subscriber per month for the studio. Wiersum said he didn't think the studio was necessary,

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but he thought the city should continue broadcasting council meetings for residents. Gunyou said the meetings would continue to be broadcast.

Allendorf asked if there was information in the budget materials on the five or six developments the city expected in 2012 that were driving the permit and license budget numbers. Durbin listed an apartment building project and a possible remodeling of the Best Buy as potential developments. Staff was unsure if the YMCA development would occur. Allendorf asked if the YMCA development was reflected in the permit revenue in the budget numbers. Schneider noted that in the past staff assigned a probability of a development and a percentage was used for budget calculations. Gunyou confirmed that staff uses a subjective analysis, including both baseline collections and probability estimates of possible major developments in the pipeline. King noted there was an ongoing increase in the permit revenue being generated.

Allendorf noted the number of medical calls decreased significantly from 2009 to 2010. Raquet indicated that initially a police squad and a fire duty crew were both being dispatched to medical calls. The process was reevaluated so that fewer fire duty crews were now being dispatched. The number Allendorf was referencing was just the fire duty crew medical response number.

Ellingson left at 6:50 p.m.

Wagner noted the \$3.6 million municipal state aid fund balance was larger than any other time since he's been on the council. He asked if it made sense to continue to bond for the road projects or if some of them could be paid up front. Gustafson indicated that there are three major county led projects coming up and that typically the city pays 95 percent of its estimated costs upfront. The current balances are needed for those projects.

Schneider said right in the middle of the Glen Lake senior housing driveway area is a big power pole. He suggested it would be nice to bury that utility line.

Greves asked when the city collected money from the recyclables if it was listed under investment income or contract rebate. King indicated it was listed under contract rebate. Greves asked why the contract rebate revenue showed such a large increase in the revised budget number. Wagstrom indicated that last year's revenue was way down so the estimate for this year was for the revenue to remain low. The estimate was for the revenue to be around \$10,000 a month but the number has been closer to \$50,000 per month. Greves said with the expansion of plastic recycling she thought the number might continue to increase. Wagstrom noted that a lot of the recycling weight came from newspapers and the amount of newspapers being recycled would likely continue to decrease. Wagner said he would like the city to advertise the organics recycling program more. Schneider agreed the program should be advertised

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more but if more people did not participate the city should look in eliminating the program. Wiersum agreed.

Allendorf questioned if residents knew about Tower Hill Park located behind Famous Dave's and if the city should do more to promote the park. Vetter said the park was a five million gallon water reservoir so there wasn't much that could be done.

Schneider said he was pleased with the increased membership at the Williston Center. He asked if the amount of staff was adequate to handle the increased numbers. Johnson said at this time the permanent staffing level was adequate but the seasonal and part time staffing numbers are being looked at. Wiersum asked how the calculation of the memberships sold had changed. Johnson said in the past an annual membership was counted as one membership. Now people have the option of being a member month by month. If a person renews every month it counts as 12 memberships. Schneider said it would be helpful to have more detailed information about the types of memberships that were being purchased.

Allendorf asked for an update on the transit study and the use of the regionally allocated transit funds. Durbin indicated staff expected to see the study sometime in August 2012. Schneider said at some point the city might look at a fixed route connector service. Gunyou said the study is looking at using some of the city's share of the funds to increase the local internal transit service. Wagner said that he receives email indicating that people cannot get back to the city by bus after 7:30 p.m. Wiersum said everyone would like to see improved service but the transit options were not cost effective.

Wagner suggested as part of the five year economic development planning process, he would like to look at using the general fund or HRA levy to fund the .20 FTE that is currently paid out of the development fund. Wiersum agreed that the FTE funding didn't belong in a fund with zero revenue.

Schneider said it was his understanding that the consultant costs related to analyzing financing issues of development projects were to be paid by the applicant. King said it depended on the development and what point in the development the consultant was used. Initial exploratory analysis was worthwhile for the city to pay for to determine if the development should be encouraged.

Allendorf asked how the two new housing improvement programs would become self sustaining by 2018. Durbin said an analysis was done looking at the number of homeowners that could be served on an average basis. Community development staff worked with King to come up with the calculations.

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Gunyou said Ellingson asked for information about the last time the council received a pay increase. The last increase was in January 2008. Gunyou asked if there was any interest in bringing proposed council pay increases forward for consideration. Wagner said the pay differential between the council and the mayor's pay was not great enough given the extra duties of the mayor. Allendorf said the council pay was comparable with like cities so he didn't see the need for a pay increase. Wagner agreed. Schneider said he didn't think it was appropriate for the council to approve a pay increase when it was holding the employee pay increase to one percent. Wiersum agreed.

Hiller asked for more information on the increase in the workers compensation insurance premium. Maeda indicated the city was rated on a three year basis that took into account the number of claims and the severity of the claims. The increase was in part due to rising medical costs.

Allendorf asked if it would make sense for the city to pay more of the principle on its bonds to lower the debt or to do something to take advantage of the low interest rates. King said the city was looking into possible refundings, and was well positioned in terms of bond indebtedness. Gunyou noted the city's total indebtedness was much lower than most cities.

**3. Adjournment**

The study session adjourned at 7:53 p.m.

Respectfully submitted,

David Maeda  
City Clerk