

**SHOREVIEW CITY COUNCIL WORKSHOP MEETING
MINUTES
August 13, 2012**

Attendees:

City Council: Mayor Martin; Councilmembers Huffman, Quigley, Wickstrom and Withhart

Staff: Terry Schwerm, City Manager
Jeanne Haapala
Mark Maloney, Public Works Director
Fred Espe
Tessia Melvin

Mayor Martin opened the meeting at 7:04 p.m.

REVIEW OF PROPOSED PRELIMINARY TAX LEVY FOR 2013

Presentation by City Manager Schwerm and Finance Director Jeanne Haapala

Last year the Council adopted a biennial budget process. This is the second year of the biennium, which means the budget presented is what was adopted last year with updated changes. The proposed tax levy for 2013 was projected to be 4.25% but has been revised to under 3.4% after all department requests. It is staff's recommendation that the preliminary levy, required to be adopted by September 15, 2012, be an increase of 3.4%. The largest increase in the General Fund is a result of increased police and fire safety contracts.

Preliminary property values have not been received from Ramsey County as yet, but it is expected that they will drop again with a median home value decrease from \$235,700 to \$222,200, which is 5.7%. Property values have dropped consistently in the last five years. Some properties have gained value, but the final numbers are not available from the County.

As presented in the biennial budget last year, a 2% wage increase is planned for this year. The City plans to continue with the high deductible health plan adopted a few years ago. The City will increase its contribution of \$50 per month per employee.

Staff has re-evaluated revenue projections for licenses and permits and charges for services for engineering projects. The original amount projected for 2013 shows an increase of \$79,290 to the General Fund. Overall, there is a 2.8% increase in revenue for the two-year period.

Items that impact the change in property tax levy. A total increase of revenue is projected to be approximately \$170,000. Impact to expenses include a 10% increase to the fire budget. This is largely due to adding a Sunday shift for duty crews beginning in April. Once the Sunday shift is

in place, all hours will be covered except overnight. All firefighters are trained at least to the EMT level, and 95% of calls are medical. Shoreview's share of the Fire Department's budget formula has increased due to the increase in response to medical calls.

The 3.5% rise in police costs are due to increases in the consolidated dispatch system costs at the county level. These expenses are rising faster than anticipated. The cost of a new computer aided dispatch system is included in this cost. Also, Shoreview's portion of the cost for a new deputy will begin in 2013, in the amount of approximately \$30,000. This expense is shared with the other contract cities with the Ramsey County Sheriff's Department.

Councilmember Withhart expressed concern about City Manager Schwerm taking on the duties of Park and Recreation Director for the long term. Parks and recreation is a big operation, and the City should be planning for the long term to replace that position. Mr. Schwerm responded that in 2013, the position will be evaluated for the next two-year budget cycle. Some restructuring has been done with more of those duties being taken on by the Community Center General Manager. She is doing significantly more work with programs. Buildings and grounds maintenance and projects are managed by a superintendent. Mr. Schwerm attends all Park and Recreation Commission meetings.

Councilmember Wickstrom asked the amount of revenue to the Community Center that comes from the General Fund. Mr. Schwerm stated that \$230,000 is transferred into the Community Center each year to cover about 10% of the \$2.3 million of operating costs. Park maintenance also comes out of the General Fund. The Community Center has a budget of approximately \$2.3 million, of which \$2.1 million is covered through fees. Recreation programs are generally self-sustaining.

The Forestry program is one of the biggest changes to the proposed budget adding funds to hire a forestry intern, remove diseased ash trees, and treat public ash trees. As currently envisioned, the intern would be responsible for treating ash trees using a trunk injection technology and residents would only pay the cost of the chemical that is used in the injection. By using this approach, the cost of the treatment, which lasts 2-3 years, would be reduced significantly leading to more protection of ash trees in the City.

Mayor Martin suggested a surcharge to cover part of the cost of the intern. This is a new service. Rather than just covering the cost of the chemicals, there should be a fee.

In 2006, the City issued its first ever street bond and adopted a policy to issue bonds for street rehabilitation every five years. It is now seven years later and it is proposed that the City again issue street rehabilitation bonds. The Capital Improvement Program (CIP) is being updated for review this fall. Mr. Maloney stated that the bond issue will cover approximately six miles of street. All streets identified for this work are in residential neighborhoods. Some of the streets include MSA roads.

Ms. Haapala stated that it is important to remember that the planned \$2.5 street bonds are factored into the debt levy. The reason the debt levy needs to increase \$27,000 is due to funds set aside from several fund surpluses to mitigate the impact of future debt issuance.

Next year County Road D will be rebuilt in cooperation with the City of Roseville. Shoreview is taking the lead on the road design work for which Roseville will reimburse. No major street project is planned in 2013, which makes it a good year to do the street rehabilitation program.

A lot of projects are not included in the CIP, such as the outdoor water play area which is planned for 2017. That project was pushed back for the improvements to Bucher Park. A broad discussion is needed with the Council on how to fund new initiatives. One option is the use of franchise fees on gas and electricity. More cities are using this money to fund capital projects.

Councilmember Withhart stated that he supports the increase of 3.4% as a starting point. He would support the use of franchise fees. Residents are tax sensitive with the decrease in home values and increasing taxes, which does not make sense. Efforts to broaden and diversify the income base would be a good move.

Councilmember Wickstrom supports the 3.4% increase as an initial tax levy increase. She noted that a big portion of the increase is in the public safety area.

Councilmember Quigley stated that 3.4% is defensible, but it is a big number in the current environment that continues to see no wage increases and high unemployment. The Council's fallback position has been that the community supports the level of services provided. However, people are not getting 3.5% increases in their jobs or in equity. He would like to see the levy increase closer to 2%. When resources are tight, people work harder and smarter, and the City can fall back on that.

Councilmember Huffman stated that he will support 3.4% for the preliminary levy. He would like the Council to pursue a broader policy discussion because it is a big number in this environment. Everything ties into the Community Survey, which is the best money spent, but the City still has to live within its budget even in a tough economy.

Mayor Martin responded that the budget presented is a status quo maintenance budget, which is what the City has done for quite some time now. She would like to keep building on the projects that improve the quality of life in the City and maintains Shoreview's stand as a high quality City. She worries about status quo budgets. Funds have not been added to Street Renewal for years, and projects cost more and more money. The Commons Park Plan is expensive and it would be great to bring parks up to higher standards. The water play area has the capability of increasing revenue and add enjoyment to the Community Center. Trails on Victoria should be installed for residents in southern Shoreview. There are many things she would like to be part of. The status quo is not good enough. She would like staff to look at other options for revenue, such as franchise fees to keep on building Shoreview. Businesses are planning expansions and thriving. Neighborhoods have been transformed from older seniors to neighborhoods of children with young families moving in. This is a sign that things are picking up. She does not want to stop at a status quo budget.

Councilmember Wickstrom stated that she has been opposed to use of franchise fees, but she agreed that this may be a time to rethink that position, as there are things that can be done and the City needs to move ahead.

Councilmember Quigley stated that when looking at trying to build more programs, the Council needs to be in agreement on goal setting.

Mayor Martin stated that the Council has done a good job of prioritizing. She agreed that further discussion is needed on goals and what the Council would like to see happen with specific capital projects and how the money will be found for them.

DISCUSSION REGARDING CITY WEBSITE REDESIGN

The last website redesign for the City and Community Center was in 2010, when the website was split--one address for the city and one address for the Community Center. According to the Community Survey in 2010, 82% of residents indicated they use the website for City information and 77% use it to register for recreation programs. The website is the most important method of communicating with residents and saves a lot of staff time. The City has one IS person and only 3.5 people trained to post to the website. Better navigation tools are needed, as well as an updated look as needed. After reviewing other cities who recently redesigned their systems, staff found that six of seven use outside vendors.

Staff interviewed two vendors who offer the best tools and innovation. The new design being considered would have drop-down menus, mobile application of both websites, increased interaction with social media sites, an improved Content Management System and an Agenda program that would allow meeting packets to be posted online. Staff was most impressed with Vision Internet. The initial cost for this upgrade would be approximately \$54,000 and then \$7,000 per year for maintenance. The system would be viable 24/7, and the City would be eligible every four years for a redesign. Although not budgeted, it is proposed that financing would come from the City's General Fund.

Mayor Martin asked if billing and payment of utilities would be revamped. Staff will explore that option. Mr. Espe stated that options are being considered for utility billing online that would be the same as the credit card processing.

It was the consensus of the Council for staff to move forward with Vision Internet for a website redesign. The project will take approximately 8 months.

DISCUSSION REGARDING RUSTIC/HAWES/DEMAR STREET PROJECT

As a result of discussion at the July workshop, staff sent a questionnaire to residents in the Hawes/Demar/Rustic Reconstruction project area asking them to rate the impact of road noise on a scale of 1 to 5. Of 67 surveys sent out, 35 were returned--a 52% return rate. The results are:

17 (48.5%) rated the noise at level 1

4 (11.4%) rated the noise at level 2

14 (40%) rated the noise at levels 3 to 5

Higher noise levels were not concentrated in one area but spread throughout the project. Comments were similar in that the noise is heard in basements; the noise sounds like someone knocking at the door; can wake people up early in the morning when traffic increases; and is louder in summer.

As a result of the number of concerns expressed, staff is recommending that the city undertake the diamond grinding process to reduce the noise caused by vehicles driving over joints in the concrete surface. Quotes for this work are estimated at \$33,000 that would be funded from the Street Renewal Fund.

Councilmember Withhart stated that concrete streets last 40 to 50 years. At \$33,000, it is less than \$1,000 a year to make a happy neighborhood.

Councilmember Quigley stated that everyone has a lot of noise. He believes if the survey were taken next year, the results would be different.

Three Councilmembers supported going forward with the diamond grinding process. This item will be on the agenda for the Council's August 20th meeting.

OTHER ISSUES

Age Study

Mayor Martin reported that Kathryn Roberts from Ecumen has contacted her about Shoreview becoming a pilot city for an innovation project on aging. The purpose would be to find out how to create an age-friendly community for all ages, not just seniors. An international committee is involved and would use Shoreview as an example. A summit would be held October 11, 2012, pulling in key people from the community. Ecumen would do all the work.

It was the consensus of the Council to support this project.

The meeting adjourned at 9:10 p.m.