

**SHOREVIEW CITY COUNCIL
WORKSHOP MEETING MINUTES
August 8, 2011**

Attendees:

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

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

Yellow Ribbon Campaign Bob Schirm, North Heights Lutheran Church

Mayor Martin called the meeting to order at 7:00 p.m.

DISCUSSION REGARDING YELLOW RIBBON CAMPAIGN

Mr. Bob Schirm, North Heights Lutheran Church, was present to explain the Yellow Ribbon Campaign, a military care ministry. The ministry has been working since 2005 with Battalion 407 in Arden Hills. Over the last several years, he has worked to establish a relationship with military personnel. When a program was initiated at his church to adopt a soldier, 60 families responded.

Councilmember Wickstrom stated that the Suburban Ramsey County Beyond the Yellow Ribbon Project has been working on the Yellow Ribbon project for the past four or five months. The purpose is for service members and their families to be aware of community support resources, training and other services. There is no impact to the City budget, as the work is done by volunteers. She requested that a page be set up on the City website listing resources available.

Mr. Schirm stated that service people only want to be appreciated. They do not get much help. There are two things the Council can do. One would be a thank you letter from the Council or Mayor. That carries a lot of weight. Second would be to offer Community Center services, such as free family day passes, or offering it as a venue for band concerts. The military is looking for venues for concerts, which veterans like to attend. It would be a good way to connect with them and make them aware of the community of Shoreview.

Mayor Martin stated that it is difficult to get information about when service men and women are deployed or return. Mr. Schirm suggested making an appointment with the commanding officer to begin forming a relationship. Also, he suggested getting churches involved.

Councilmember Wickstrom stated that a database of contacts is in the process of being developed. The Suburban Ramsey County Beyond the Yellow Ribbon Project includes all cities

in Ramsey County except St. Paul. There are templates set up to follow and guidelines so this work is not duplicative. The first thing needed is to have every city pass a resolution supporting joint communication services. The goal is to respond to military families within the first year.

Mr. Schwerm stated that these suggestions can be implemented, but the difficulty is in finding out who the families of military personnel that reside in Shoreview. He believes that Suburban Ramsey County Beyond the Yellow Ribbon Project is a good place to coordinate a countywide effort. They are doing a good job of identifying City resources.

Mayor Martin stated that the Council supports the whole concept. Details need to be worked out so what is done is fair. The band leader is a great supporter, and this might be an opportunity for the band to partner with the military for a concert. Mayor Martin offered to go to any public meeting or event when needed, and she will meet with Colonel Smith through Mr. Schirm's introduction.

DISCUSSION OF 2012 BUDGET AND PRELIMINARY TAX LEVY ADOPTION

Preliminary Tax Levy

Mr. Schwerm stated that for the proposed preliminary tax levy, department heads were asked to submit their requests. At this presentation, no cuts have been made to the levy requests. The 2011 adopted levy was \$350,000 more than shown to account for market value homestead credit that was cut by the state.

Ms. Haapala stated that will not be necessary in 2012, and it has been removed. In 2012, the General Fund is shown to be up 4.4%. The EDA levy is increased by \$30,000; and the debt levy is up \$50,000. Taxable value is still falling in Ramsey County. Based on 2011, it is estimated to be about a 4% decrease. Residential property values are estimated to drop 5.5%. Other properties are not expected to drop as much as residential properties.

In 2012, the market value homestead credit program has been significantly modified. Under the old system, residential property taxes were bought down for homes valued less than \$413,000, on a sliding scale. A home valued at \$76,000 was given the biggest credit. As property value increased, the County set a market value. The calculated tax rate was based on the levy adopted and the market value estimated for credit off taxes. The credit was then reimbursed to the City by the state, which has been a problem throughout the tenure of the program.

Next year, a new program will be enacted. A portion of a home's market value will be excluded for tax purposes. This creates a new market value, which is lower than the estimated market value. It also creates a reduced value (taxable value) for tax calculations. A big advantage is that state credits and reimbursements are eliminated so there is no need to add estimated market value credits to the levy. What is unclear is how this program will impact different properties. It will cause the City's tax rate to go up because of the lower property values that will be assigned

to properties, but the levy will be lower because it does not include market value. It will be harder to explain at the public hearing with all the changes in values in different jurisdictions.

Councilmember Wickstrom noted that there will be a ceiling in classification rates to shift the tax burden.

Mayor Martin stated that the City will collect based on taxable value after the exclusion of market value. The issue is transparency. This is good for homeowners because they will receive credit, but cities will not have to make up that credit on the levy. Mr. Schwerm added that comparisons will be harder to show, and the taxable value will not show clearly on the tax statement.

Councilmember Quigley asked if anything has to be made up in the levy. Ms. Haapala stated that nothing changes in the City's tax collection. What is not known is how this will impact individual tax bills.

Operating Budget

Mr. Schwerm stated that the 2012 operating budget assumes a 2% wage adjustment for staff plus an additional \$50 per month contribution for health insurance. Health insurance rates are not known yet.

Ms. Haapala noted that health insurance costs would be 54% higher if the City had stayed on the County plan. The General Fund is up 4.2%. Revenue is expected to decrease in the category of tree sales.

Councilmember Withhart noted that Ramsey County has a tree sale, and he would like to see the City combine with that program. Information can be posted on the website.

Mr. Schwerm summarized budget increases:

- Administrative fines are increasing while court fines are decreasing. Dispatcher costs are increasing. The Sheriff's Department will handle animal control. Startup costs will be the cost of a vehicle, but next year the cost will go down. It is expected that service will be better.
- The Fire Department increases have to do with continuation of expansion of the duty crew system. In 2012, the program is extended to weekday evenings from Monday to Thursday until 11:00 p.m. and Saturdays from 8:00 a.m. – 5:00 p.m. Pay will be increased by \$1.00 an hour to try to get closer to the market average.
- In 2012, there will be election costs of \$30,000.
- There has been discussion about doing a short form community survey every year or every two years and a longer survey every four years.

- A half-time communications specialist position has been added. A large amount of the communications budget is from Cable TV revenues.
- Debt service is up \$50,000.
- Street renewal bonds have been pushed back to 2013.

Capital Funds

The Street Renewal Fund cash flow projections show levy increases of \$75,000 per year through 2016 to support planned projects. One residential street reconstruction project has been delayed to 2014. Also, street rehabilitation bonds in the amount of \$2.5 million have been delayed to 2013. Street projects are being scheduled over a longer time frame because street segments are being added that were not in the original plan to bring City streets up to City standards.

The Fixed Asset Revolving Fund shows a \$50,000 increase for the next several years, primarily because of public safety equipment. There is no minimum fund balance because every year new projects are added that have added more costs to this fund. The wading pool for the Community Center is pushed to 2016, as well as renovations at Bucher and Wilson Parks.

Councilmember Withhart stated that he would like the City to have a program to help people with tree removal from the ash borer. There are some big boulevard trees that could be expensive if they are not treated and have to be removed.

Mayor Martin requested a discussion of ash borer on the agenda for an upcoming Council workshop. She stated that if the Council anticipates lowering the levy, she would like to see it done before the preliminary levy is passed. She noted over \$100,000 in cost related to personnel is proposed, which is 2%. No other city is proposing 2%. That is a big piece of the budget.

Mr. Schwerm stated that the increase to the General Fund for the 2% wage adjustment is \$53,000. A 1% adjustment would be half that amount. The City's compensation plan is close to the median. There is a merit window for quality performance that can reward employees for good performance. People generally like working for the City, and there is not a lot of turnover.

Councilmember Huffman stated that a 5.5% increase in this environment is disconnected with the reality of unemployment. He is not sure how things could be done differently than what is being done now, but it is not just about staff reviewing numbers. The problem is structural.

Mr. Schwerm noted that the Council previously indicated preference for an increase of no more than 3% to 4%.

It was the consensus of the Council to have a short workshop August 15, 2011, after the regular Council meeting and prior to adoption of the preliminary levy to consider reductions to the budget.

OTHER ISSUES

Councilmember Wickstrom reported graffiti in northern Shoreview on telephone boxes and on the boardwalk on County Road I. Staff will contact utility companies for the phone boxes.

Mr. Schwerm stated that the Volunteer Recognition Dinner will be Thursday, October 6, or October 13, in the Shoreview Room.

The meeting adjourned at 9:40 p.m.