



**Regular City Council Meeting**  
**Minutes City Hall Council Chambers, 2660 Civic Center Drive**  
**Monday, September 8, 2014**

**1. Roll Call**

Mayor Roe called the meeting to order at approximately 6:00 p.m. Voting and Seating Order: Willmus, Laliberte, Etten, McGehee, and Roe. City Manager Pat Trudgeon and City Attorney Mark Gaughan was also present.

**2. Approve Agenda**

Councilmember Willmus requested moving Business Action Item (13.b) before Budget Items (12.a and 12.b).

McGehee moved, Etten seconded, approval of the agenda as amended.

**Roll Call**

**Ayes:** Willmus, Laliberte, Etten, McGehee, and Roe.

**Nays:** None.

**3. Public Comment**

Mayor Roe called for public comment by members of the audience on any non-agenda items. No one appeared to speak.

**4. Council Communications, Reports, and Announcements**

Mayor Roe announced the opportunity for donations at collection boxes at the Mall of America from August through October for the Operation Military Kids Program and their "Make the Change" fund. Additional information available from Amber Greely, representative of the organization, at 612/624-8198 or e-mail [runk0014@umn.edu](mailto:runk0014@umn.edu).

Mayor Roe announced the upcoming the Roseville Housing & Redevelopment Authority hosted "Minnesota Gardening Year Round" presentation scheduled for Saturday, September 20, 2014 from 2:00 to 4:00 p.m. at the Roseville Library's community room at 2180 Hamline Avenue. Mayor Roe noted that gardening experts would be providing information on growing vegetables indoors and other year round gardening activities.

Mayor Roe announced the upcoming Roseville Volunteer Marketplace scheduled for September 20, 2014 from 9:00 to 10:30 a.m. at the Roseville City Hall. Mayor Roe announced this would be an opportunity for citizens to learn about volunteering throughout Roseville, whether for the City or other organizations in the community; with additional information available from the City's Volunteer Coordinator Kelly O'Brien at 651/792-7028 or 3-mail at: [Kelly.obrien@ci.roseville.mn.us](mailto:Kelly.obrien@ci.roseville.mn.us).

Mayor Roe announced several meeting date changes in the next few weeks; and other standing meetings.

**Regular City Council Meeting**

**Monday, September 8, 2014**

**Page 2**

Councilmember Willmus announced the Wild Rice Festival on Saturday, September 13, 2014 with additional information available through the Public Works Department at 792-7006. Councilmember Willmus noted pancakes would be served at 8:00 a.m. with other activities and events for this fundraiser scheduled through 3:00 p.m., including Native American dancing.

Councilmember Willmus thanked volunteers who participated in the recent Langton Lake Ballfields Park Build.

Mayor Roe noted a mailing received by residents of Roseville from “HomeServe” offering insurance services or protection for homeowners experiencing water and/or sewer line issues. Mayor Roe clarified that this is not a city-sponsored program, and while the City was not opposed to this private company, it associated with the City in any way. For homeowners having questions or needing additional information about their water and/or sewer services, Mayor Roe advised them to contact the City’s Public Works Department, but reiterated that the City was not endorsing this private firm.

**5. Recognitions, Donations and Communications**

**a. Proclaim Hispanic Heritage Month**

Mayor Roe read the Proclamation declaring September 15 – October 15, 2014 as Hispanic Heritage Month.

Etten/Laliberte

Etten moved, Laliberte seconded, proclaiming September 15 – October 15, 2014 as Hispanic Heritage Month in Roseville.

**Roll Call**

**Ayes:** Willmus, Laliberte, Etten, McGehee, and Roe.

**Nays:** None.

**6. Approve Minutes**

*Comments and corrections to draft minutes had been submitted by the City Council prior to tonight’s meeting and those revisions were incorporated into the draft presented in the Council packet.*

**a. Approve August 25, 2014 Regular Council Meeting Minutes**

McGehee moved, Etten seconded, approval of the Meeting Minutes of August 25, 2014 as amended.

**Corrections:**

- **Page 25, Line 44 (McGehee)**  
Typographical correction from “of” to “or”
- **Page 28, Line 35 (McGehee)**  
Typographical correction from “or” to “to”

**Roll Call**

**Ayes:** Willmus, Laliberte, Etten, McGehee, and Roe.  
**Nays:** None.

**7. Approve Consent Agenda**

At the request of Mayor Roe, City Manager Patrick Trudgeon briefly reviewed those items being considered under the Consent Agenda.

**a. Approve Payments**

McGehee moved, Etten seconded, approval of the following claims and payments as presented and detailed in the Request for Council Action (RCA) dated September 8, 2014, and attached check register.

ACH Payments	\$1,062,051.05
74697-74895	1,144,222.43
<b>TOTAL</b>	<b>\$2,206,273.48</b>

**Roll Call**

**Ayes:** Willmus, Laliberte, Etten, McGehee, and Roe.  
**Nays:** None.

**b. Approve Business Licenses & Other Licenses & Permits**

McGehee moved, Etten seconded, approval of business license applications for the period of one (1) year, unless otherwise noted, for applicants as listed in the RCA dated September 8, 2014.

**Roll Call**

**Ayes:** Willmus, Laliberte, Etten, McGehee, and Roe.  
**Nays:** None.

**c. Approve General Purchases and Sale of Surplus Items in Excess of \$5,000**

McGehee moved, Etten seconded, approval of the submitted list of general purchases and contracts for services presented as follows; and as detailed in the RCA dated August 11, 2014; and Attachment A entitled, "2014 Capital Improvement Plan Summary – Updated 08/31/2014."

<b>Department</b>	<b>Vendor</b>	<b>Description</b>	<b>Amount</b>	<b>Budget / CIP</b>
Utilities	Foth	Capital Improvement Study		Budget
Fire	CDW-G	Fire truck Toughbook Computers		CIP
Storm Water	SRF Consulting	Evergreen Park Drainage Project		CIP
Storm Water	Sandstrom Land Management	Miscellaneous drainage work		CIP
Fire/IT	Electro Watchman	Update access control system		CIP

**Roll Call**

**Ayes:** Willmus, Laliberte, Etten, McGehee, and Roe.

**Nays:** None.

**d. Authorize Joint Fuel Purchase for City Fleet**

McGehee moved, Etten seconded, approving participation in joint purchase of fleet fuel for 2015 as part of the State of Minnesota contract.

**Roll Call**

**Ayes:** Willmus, Laliberte, Etten, McGehee, and Roe.

**Nays:** None.

**e. Receive the Planning Commission's determination that the proposed sale of the "Dale Street Fire Station Redevelopment Project" Site is in Compliance with the 2030 Comprehensive Plan**

McGehee moved, Etten seconded, receipt of the report of the Planning Commission's determination that the proposed disposal of 2325 – 2335 Dale Street and 657-675 Cope Avenue to facilitate the proposed mixed housing development known as the "Dale Street Redevelopment Project" is in compliance with the 2030 Comprehensive Plan as recommendation.

**Roll Call**

**Ayes:** Willmus, Laliberte, Etten, McGehee, and Roe.

**Nays:** None.

**f. Renew Ramsey County GIS User Group Joint Powers Agreement**

McGehee moved, Etten seconded, approval of the revised Ramsey County GIS User Group Joint Powers Agreement (Attachment A)

**Roll Call**

**Ayes:** Willmus, Laliberte, Etten, McGehee, and Roe.

**Nays:** None.

**g. Approve Resolution Receiving Assessment Roll and Setting Assessment Hearing Date for County Road D Project**

McGehee moved, Etten seconded, adoption of Resolution No. 11173 (Attachment A) entitled, "Resolution Declaring Costs and Receiving Proposed Special Assessment Roll for P-ST-SW-W-13-02 County Road D Reconstruction Project and Providing for Hearings;" with those dates identified and outlined in the RCA dated September 8, 2014.

**Roll Call**

**Ayes:** Willmus, Laliberte, Etten, McGehee, and Roe.

**Nays:** None.

**h. Approve IT Services Agreement with Lake Johanna Fire Department**

McGehee moved, Etten seconded, approval of a Shared Services Agreement (Attachment A) between the City of Roseville and the Lake Johanna Fire Department for the purposes of providing IT support services.”

**Roll Call**

**Ayes:** Willmus, Laliberte, Etten, McGehee, and Roe.

**Nays:** None.

**8. Consider Items Removed from Consent**

**9. General Ordinances for Adoption**

**10. Presentations**

**11. Public Hearings**

**13. Business Items (Action Items)**

**b. Consider Amending the City’s Operating Fund Cash Reserve Policy**

At the request of Mayor Roe, Finance Director Chris Miller briefly reviewed the requested action for consideration of amending the City’s Operating Fund Cash Reserve Policy as recently recommended by the Finance Commission.

While appreciating the work of the Finance Commission, Councilmember Willmus expressed his interest in revising recommended language from targeted goal “ranges” to “averages.” Councilmember Willmus opined that this would benefit funds if on the low end and force the City Council closer to the average and base; and if a fund was on the high end, it allowed them discretion to reallocate funds to a Property Tax Relief Fund or other funds found low at any given time.

Councilmember Etten recognized Councilmember Willmus’ point regarding averages; however, he opined that the target range language was there for a purpose to allow fluctuations, and questioned if by forcing a goal to average it may not accomplish the goal at all and force the City Council to continually review those funds.

Councilmember Willmus suggested his intent was that the review be part of the budget and levy process, and opined that it should be reviewed annually; however, he didn’t find that it changed the needed mandate.

Councilmember McGehee questioned Councilmember Willmus' purpose in revising the language; opining that the City Council isn't currently restricted to accomplish the same thing within targeted ranges.

Councilmember Willmus noted the current difference between a high and low goal of almost \$2 million, and opined that if the goal target was an average, it provided more flexibility for the City Council to reallocate funding to a low fund, creating an advantage by allowing them more discretion within the policy to reappropriate funds within the policy to low funds or those higher than the average.

Mayor Roe suggested the difference in the proposed Willmus revised language was that it specifically targeted average versus the range as recommended by the Commission, allowing future City Council's more flexibility. Mayor Roe also stated that he had several grammatical changes he would like to incorporate in the draft resolution language, consisting of punctuation so lines 126 – 138 read as follows:

“If aggregate reserves are outside of targeted goals, the Council is advised to create a plan to get reserves into targeted goal ranges by committing reserve funds[,] using aggregate excess reserves to reduce the levy[,] or make appropriate budget or tax levy adjustments.”

Councilmember McGehee opined that she didn't see the advantage in revising the language, and stated that she was happy with the language recommended by the Commission. Councilmember McGehee also expressed her disagreement with the grammatical changes recommended by Mayor Roe, but offered to discuss those offline. Councilmember McGehee reiterated her preference for retaining “ranges” versus “averages.”

Councilmember Etten expressed his preference for flexibility provided in the Finance Commission recommendation and their language, recognizing that it was vague intentionally to allow for advice, not forcing, allowing the City Council discretion.

Mayor Roe questioned the need to go with the “average” language as suggested by Councilmember Willmus.

Councilmember Laliberte stated that, in general, she agreed with the whole policy, and while understanding Councilmember Willmus' desire to get from the vague language to more specificity, she also recognized the Commission's intent to allow for flexibility. Councilmember Laliberte stated that her concern with the policy was related more to how funds would be used, seeking a plan of what would or would not be allowed; noting that she had her personal opinions on whether reserves should be used to cover ongoing annual costs or only used for one-time capital items. Therefore, Councilmember Laliberte requested a broader discussion to address those issues before adopting the policy, while understanding

the desire to recreate the recommended language, with no opposition to the proposed revised language by Councilmember Willmus.

Willmus moved, McGehee seconded, adoption of Resolution No. 11174 (Attachment A) entitled, "Resolution Amending the Operating Fund Cash Reserve Policy for the City of Roseville;" *as presented, with only grammatical changes and as recommended by the City's Finance Commission.*

*Mayor Roe offered a friendly amendment, accepted by the makers of the motion, revising language in lines 126-128 as follows:*

*"If aggregate [unrestricted]reserves [in tax-supported operating funds] are outside of targeted goals, the Council is advised to create a plan to get reserves into targeted goal ranges by committing reserve funds[,] using aggregate excess reserves to reduce the levy[,] or mak[ing]e appropriate budget or tax levy adjustments."*

In speaking to his proposed revised language, Mayor Roe opined that it addressed Councilmember Laliberte's concerns regarding use of the funds; and opined that this language made him more comfortable versus more specificity.

#### **Roll Call**

**Ayes:** Willmus, Laliberte, Etten, McGehee, and Roe.

**Nays:** None.

## **12. Budget Items**

### **a. Adopt a Preliminary 2015 Tax Levy and Budget**

At the request of Mayor Roe, Finance Director Miller briefly reviewed the requested three actions as detailed in the RCA dated September 8, 2014; and in accordance with the bench handouts addressing the most recent City Council directions to staff and in various formats at their request. At the request of Mayor Roe, Mr. Miller clarified what was included in the current \$830,829 proposed levy increase of 4.6% from 2014 to 2015, including new spending.

At the request of Mayor Roe, City Manager Trudgeon summarized budget and levy impacts for the tax-supported programs and impacts on residents depending on property values.

Councilmember Willmus noted that, at the August 25, 2014 meeting, there had been some discussion regarding spreading the reserve refund over two budget cycles; and asked if staff had been able to accomplish that without hardship.

City Manager Trudgeon responded that staff could accommodate that, if directed to do so, providing the City Council had in place a plan to refund reserve funds

over a period of years; and noted it would be consistent with the policy just adopted by the City Council.

At the request of Councilmember Willmus, Mr. Miller confirmed that the approximately dollars available, based on the August 25, 2014 discussion, would be approximately \$400,000 in aggregate to get to the high point range.

Councilmember Willmus expressed his confusion in tracking inflation between Attachment A (\$48,870) and the e-mail sent out earlier today showing \$41,800; and asked if there was an increase in materials and supplies, of just allocated differently.

Mr. Miller advised that he would need to track the approximate \$7,000 difference from several different categories before responding.

Referencing his budget proposal reconciliation for tax-supported funds (version 1-9/8/14) Mayor Roe addressed the changes made since the August 25, 2014 discussion with notes moved to the side for easier tracking; and emphasis under property tax relief notes for City Council discretion and three options according to policy. Mayor Roe advised that the 2013 numbers had also been included for average and high-end aggregate reserves as requested. Mayor Roe advised that he took editorial license and made several substantive changes, including: Parks & Recreation Department re-accreditation as a one-time cost from 2014 and created an aggregate number of \$15,000 separated from Finance Director Miller's number, which could be shown as a real number as available. Under line S5, Mayor Roe advised that he removed labor costs for the Fire Relief Association, and in line S7, under "reduced levy" to "no levy" versus Mr. Miller's most recent e-mail. Mayor Roe advised that he provided more specificity in the notes as to where the numbers originated, and left placeholders for unknown numbers and/or information at this time, but that should be incorporated into this type of report in the future. In terms of budget numbers, Mayor Roe clarified that this report was specific to the operating fund, and included no capital items. As pointed out by Mr. Miller, Mayor Roe noted that those CIP items fluctuated and while the budget changed, it would be easier to track CIP number more consistently in another format versus this report for annual operating costs.

Councilmember Etten expressed his frustration in tracking numbers between staff's Attachment A, including the use of reserves for the General Fund (at \$346,000) and the number established in a previous meeting (at \$321,000), separating out the Recreation Fund. However, in the e-mail from Mr. Miller, Councilmember Etten noted that it showed \$346,000 plus \$30,000; and questioned if that had been corrected yet.

Mayor Roe advised that it was included in that number.



Councilmember Etten opined that Attachment A should be accurate, and he found no reason for the yellow highlighting, which he found more confusion. Councilmember Etten also noted a new line item for the Contingency Fund and asked for an explanation.

City Manager Trudgeon advised that the Contingency Fund was created specific to Fire Department personnel costs, and was included in the revised worksheet sent out Friday.

Mayor Roe questioned if this was added into increased costs for labor previously established at \$69,000 for the reorganization.

Mr. Miller clarified that the net cost for the Fire Department reorganization and hiring of 5 to 6 new full-time firefighters would be \$69,000, including an offset in reductions for wages in part-time firefighters. However, Mr. Miller advised of the need to set aside money for other potential impacts resulting from possible unionization of the department, which remained an unknown at this time, but represented a significant cost depending on that direction, with approximately \$32,000 set aside for that purpose. Mr. Miller noted that there was no need to park dollars for that purpose, however, staff was making that recommendation in anticipation of the need.

At the request of Councilmember Etten, Mr. Miller opined that the \$32,000 was most likely included in the COLA adjustment previously, but as the City Council requested additional categories and increased transparency, staff had segregated out some of those specific costs.

Mayor Roe opined that it made sense to segregate that, and with the \$212,000 remaining in COLA, it did track; noting that the notes in the document previously referenced would call that out.

At the request of Councilmember Willmus, City Manager Trudgeon advised that, if the City Council wanted to provide tax relief this year, it could use some or all of the approximately \$453,000 high range in reserves above staff's original recommendation; however, he reiterated staff's desire to make the reserves whole moving forward by refunding the amount used for the 2014 budget, and commitment made at that time to replenish those reserves during the 2015 budget cycle. If the City Council chose to scale back reserve payback, City Manager Trudgeon suggested a clear timetable to pay it back, whether over a two or three year period, but providing specifics to do so; and to clearly understand reserves not be used consistently on an annual basis simply to avoid raising taxes, providing for an unsustainable practice.

Working from the “Mayor’s” document (version 1-9/8/14), Councilmember Willmus suggested revising line item “A10” entitled “Make-up of use of reserves in current (and previous) years), reducing it in half from \$351,000 to \$175,500.

Councilmember Etten sought a point of clarification, noting that the \$351,00 was created using the General Fund and the Parks & Recreation Fund, and questioned Councilmember Willmus’ intent. Councilmember Etten stated that he would like to make the Parks & Recreation Fund whole, and any reduction taken from the General Fund.

Councilmember McGehee stated that she was not supportive of cutting this line item in half again until after the CIP discussion to see if it still made sense. Councilmember McGehee cautioned that this is the same historically action that got the City where it is now in not repaying capital funds; opining that it doesn’t work in real life, and it didn’t work here either.

At the request of Councilmember Etten, Councilmember McGehee reviewed how she related the CIP to use of reserves, even though separate funds, reminding Councilmembers that they borrowed from reserves to make up the operating fund, which she found then and still found a decidedly bad policy, even though the City Council at that time agreed to pay it back this year, with their commitment part of the record. However, Councilmember McGehee noted that this was a commitment previously made by the City Council over and over and then not followed. If the City Council went through its reserves and took any extra dollars to apply, Councilmember McGehee advised that she would then support this discussion; however, she noted that the discussion had not yet taken place. At this time, Councilmember McGehee expressed her unwillingness to remove the additional reserve funding, questioning how the City Council could then honor its commitments.

Councilmember Willmus clarified that the assumption was not that it wasn’t going to be paid back, but the commitment was to pay it back in two budget cycles versus one; and noted that staff had weighed in to the discussion and supported that payback period, which would address other increases.

At the request of Mayor Roe, if Councilmember Willmus’ proposal to reduce line A10 from \$351,000 to \$175,500, the levy increase would be reduced from \$830,829 to \$655,329, representing a levy increase of approximately 3.6% versus 4.6%.

At the request of Councilmember Etten, Mr. Miller concurred that if reserves were used to fill in the budget gap, it wasn’t actually paying them back, but using ongoing dollars to fill the funding gap.

Councilmember Laliberte opined that this was a bad decision to fund costs in that manner, creating an ongoing gap to fill, bringing the body back to how to use reserves. Councilmember Laliberte noted that those were tax dollars collected from homeowners, and it had just adopted a new policy to move and replenish and fill those gaps. Councilmember Laliberte opined that she had a problem filling in funds not doing well versus funds doing well if it meant discussing payback of funds that were used inappropriately.

Willmus moved, Roe seconded, reduce line A10 to make use of current reserves – by amount of \$175,500; applying all of the reduction from the General Fund, making the \$30,000 Parks & Recreation Fund whole.

Mayor Roe stated that he supported the concept of tax relief and using the reserve policy, but as confirmed by Mr. Miller, most of the approximately \$450,000 above the high end target in aggregate funds represented excess License Center Funds. Mayor Roe noted that previous discussions about reserve levels for the License Center had yet to be resolved, but advised that he could support this motion based on the shift this year in property tax payment responsibility from commercial to single-family residential properties due to their higher values. Mayor Roe opined that it made sense to look at reserves for the purpose of tax relief; while fully understanding there was a budget gap or reducing spending to eliminate that gap.

Councilmember McGehee stated that this was against advice and an inappropriate form to do it, as previously addressed by Councilmember Laliberte. Councilmember McGehee noted that the License Center Funds had been set aside intentionally for new construction or remodeling city-owned space to save the annual \$60,000 lease amount for the current facility to house the License Center; with those discussions yet to be resolved. Councilmember McGehee stated that just to facilitate a discussion and action tonight, pending that discussion, she saw no reason to promise those funds elsewhere. Councilmember McGehee noted another fund yet to be addressed was the Communications Fund, and based on the community survey indicating residents relied on written materials (e.g. *City News* newsletter), she suggested a better job could be done toward civic engagement and communication by expanding the number or format of that instrument to communicate with the public more effectively. Councilmember McGehee opined that those reserves have yet to be designated, and they could also be allocated or tax relief, but until those discussions are held, even though this is a difficult tax year, it didn't make good policy to reallocate funds without that broader discussion.

Councilmember Willmus clarified for Councilmember McGehee's benefit that last year, both he and Councilmember Laliberte had voted against that policy.

Councilmember Etten clarified that, last year, when voting on whether to use reserves or raise the tax levy before deciding on the budget itself, both he and Councilmember McGehee were in the minority to support not using reserves for ongoing annual levy and budget reconciliation. However, Councilmember Etten stated that this year, he was leaning toward the Mayor's suggestion based on the shifting tax burden from commercial to single-family properties; and he would support splitting the difference this time for that specific reason. Councilmember Etten stated that he supported the overall budget, including not using reserves for operating purposes.

While it may sound contrary to her previous comments, Councilmember Laliberte advised that she could support the reduction in levy from 4.6%, noting that the other way to reduce the levy and budget was to reduce spending, which she fully supported and which had not yet been discussed. Councilmember Laliberte opined that she wished that discussion had been considered versus shifting money, even though the proposed motion served to reduce the levy increase by approximately 1%, and therefore she would support it.

At the request of Councilmember McGehee, Mr. Miller clarified that the projected increase was based half on debt service, which had actually gone down for 2015, and was at approximately 2.5%, with the remaining 2.5% for operations.

Councilmember McGehee commended Finance Director Miller for this year's budget; opining that the City and staff had done a good job in presenting a responsible budget; and stated that she would support the Council majority as long as they were committed to refunding the balance of reserve funds the following year.

Mayor Roe noted, if you didn't look at the License Center or Communications Fund (not tax-supported), the unrestricted reserves were close to the high end of the target, at 43%, and reducing them to approximately 40% would provide \$500,000 in estimated dollars to work with in the General Fund. Mayor Roe stated that this was another reason he supports this proposal.

#### **Roll Call**

**Ayes:** Willmus, Laliberte, Etten, McGehee, and Roe.

**Nays:** None.

Discussion ensued regarding the deadline for taking action on the preliminary tax levy and budget.

City Manager Trudgeon noted that he would be unavailable for the September 15, 2014 meeting.

Councilmember Etten noted he would be gone for the September 15 and September 22, 2014 meetings due to previously scheduled school events.

McGehee moved, Willmus seconded, adoption of Resolution No. 11175 entitled, "Resolution Submitting the Preliminary Property Tax Levy on Real Estate to the Ramsey County Auditor for the Fiscal Year of 2015;" amended not to exceed 3.64%; with the programs and services amended to \$15,179,050 and Debt Service remaining at \$3,480,000 for a total of \$18,659,050.

Given her preference for further discussion, Councilmember Laliberte advised that she would be voting in opposition to this motion. At the request of Mayor Roe, Councilmember Laliberte advised that she was not ready to suggest amendments to the motion without that further discussion before taking this action.

Discussion ensued on options to proceed, with the consensus to prompt further discussion through formal amendment to the motion.

**Roll Call**

**Ayes:** Willmus, Etten, McGehee, and Roe.

**Nays:** Laliberte.

**Motion carried.**

McGehee moved, Etten seconded, adoption of Resolution No. 11176 entitled, "Resolution Directing the County Auditor to Adjust the Approved Tax Levy for 2015 Bonded Debt;" as presented.

**Roll Call**

**Ayes:** Willmus, Laliberte, Etten, McGehee, and Roe.

**Nays:** None.

Mayor Roe noted that the City Council retained the flexibility at any time, by vote of the majority, to increase or decrease the annual tax-supported and non-tax-supported budget.

Recognizing the typical guidance provided to staff at this stage, Councilmember Willmus questioned if there as any benefit in adopting the preliminary budget at this time, or allowing staff to go through and fine-tune it based on tonight's amendments, and then providing accurate numbers per category at a later date to better benefit ongoing discussion.

At the request of Mayor Roe, Mr. Miller advised that he knew of no statutory requirement for the City to set their budget at this time, and typically it was only done for planning purposes and to provide something for citizens to respond to or make inquiries about to address what was driving the need for a levy increase.

Councilmember McGehee opined that the 2015 budget basically represented nothing more than inflationary increases; and since the most recent community survey indicated residents liking current services and programs at their current levels, nothing had changed beyond those inflationary costs. Councilmember McGehee stated that she didn't see any new big line items from the operating side that people no longer wanted.

Mayor Roe addressed some things falling into line items that were very significant with associated dollar increases, including the Fire Department reorganization, and CIP set-aside increases to fund capital replacements, neither which were status quo items.

Laliberte moved, Etten seconded, moving to TABLE further discussion of the 2015 budget to a date uncertain.

#### **Roll Call**

**Ayes:** Willmus, Laliberte, Etten, McGehee, and Roe.

**Nays:** None.

Based on the motion to table to a "date uncertain, City Manager Trudgeon sought clarification on a specific date for further discussion, and information needed from staff to further facilitate those discussions.

The consensus was that discussions continue at the October 6, 2014 meeting.

Councilmember Willmus requested reconciliation by staff of the three documents presented and referenced at tonight's meeting, in order to track numbers from one category or line item to the next (Attachment A in packet, Mayor Roe's latest version as referenced, and the 9/5/14 handout from staff).

City Manager Trudgeon clarified that staff would use the document created and previously adopted by the City Council going forward.

Specific to Item A2, Councilmember Laliberte asked that staff clarify in the future if increases are inflationary, and if so to designate them as such.

At the request of Councilmember Laliberte, City Manager Trudgeon reviewed the City's employee compensation policy and schedule for hiring, probationary and step increases based on satisfactory employee evaluations calculated annually, but dependent on the employee's hiring dates and evaluation period on a one year basis after probation. City Manager Trudgeon noted that an employee may enter the system at a higher level than entry level depending on their experience, but annually adjusted thereafter until they maxed out, thereafter subject only to COLA actions.

At the request of Councilmember Laliberte, City Manager Trudgeon reviewed the policy previously adopted by the City Council addressing COLA by using several indexes, including the CPI and based on specific calculations as defined.

Regarding Item A6 on the Mayor's bench handout, Councilmember Willmus noted that he asked on August 25, 2014 that any open positions be identified, if budgeted for but still open in 2014, or if they came open in 2014; and any dollars that could be accounted for and adjusted for the 2015 budget; technically any remaining funds available in 2015.

Mayor Roe noted that any excess funds for vacant positions would go into the reserve funds.

Mayor Roe reiterated that his document provided only operating funds only, with no capital items included in those budget numbers, and noted that an updated version provided in the future by staff should include updates based on amendments and adjustments made by resolution at tonight's meeting.

City Manager Trudgeon advised that staff attempting to provide information needs and different spreadsheets for future discussion, and asked how best to portray that information to avoid confusion.

By consensus, staff was directed to provide their comments via an updated memo in the form of an RCA and as amended tonight.

**b. Adopt the 2015 Preliminary HRA Tax Levy**

At the request of Mayor Roe, Finance Director Miller briefly reviewed the RCA related to the 2015 Preliminary HRA Tax Levy, advising that HRA Executive Director Jeanne Kelsey was also present to respond to any questions of the City Council.

At the request of Councilmember Willmus, and as clarified by Mayor Roe, Mr. Miller advised that the residential valuation increases shown on chart on page 1 of the RCA were rounded up or down, with only the median value home price highlighted and presented as an actual dollar increase versus penny increases; as well as tax amount columns being rounded as well.

Councilmember Laliberte questioned the need to build a reserve fund for the HRA since she didn't see any of their services as essential, and while understanding the need for cash flow, she didn't perceive any situation in which they couldn't come to the City Council for assistance in addressing that cash flow. Therefore, Councilmember Laliberte spoke in support of a zero percent levy for the HRA for 2015.

As HRA Executive Director Kelsey came forward, City Manager Trudgeon partially addressed the preliminary nature of the request at this time, with more refined information available at year-end as to 2014 dollars not spent and available for carryover into 2015.

**HRA Executive Director Jeanne Kelsey**

Ms. Kelsey concurred with City Manager Trudgeon, moving forward in 2014 as functions and any unspent funds were defined. In response to funding reserves for the HRA, Ms. Kelsey advised that in consultation with the HRA Attorney, while there was no law regarding comingling of City and HRA funds, it was not recommended as an ongoing action; and therefore it was recommended that the HRA be self-sufficient and not rely on cash reserves from the City Council.

In reviewing the overall reserve fund for the City, Councilmember Willmus agreed with Councilmember Laliberte, that it was not necessary to duplicate or add to reserves for the HRA. Councilmember Willmus opined that, if the HRA moved forward with a zero percent levy increase, it could still accomplish all things planned for 2015; and he would be comfortable with a flat levy for the coming year for the HRA.

Ms. Kelsey noted that the proposed HRA budget did not bring HRA reserves up to the recommended 35%, but only up to a 32% to 33% level of its operating fund, and remained far below the City Council's reserve fund level.

Councilmember Willmus admitted that he was unaware of any City Council discussion as to the level for HRA reserves, since he didn't see that as their role to look at their budget, but only to set their levy. Councilmember Willmus opined that there should be some additional funds available as the Dale Street Project and Hamline Avenue project come to fruition; and questioned if there were any HRA programs or services that may be placed in jeopardy if the levy remained status quo, offering his consideration if any were identified.

At the request of Mayor Roe, Ms. Kelsey identified additional budget needs of the HRA beyond reserves that were the basis of their levy increase request, including the Neighborhood Enhancement Program (NEP) not funded in 2014, but representing \$37,405 in the 2015 budget.

With additions and subtractions to the HRA budget, including the Communications position funding, Councilmember Etten opined there wasn't any one thing responsible for the requested levy increase. However, Councilmember Etten noted there were many strategic changes in the HRA's upcoming work plan based on joint discussions of the City Council and HRA that requires money in new areas or adding funds to allow flexibility, thus creating this proposed 2015 budget.



For the sake of consistency, Councilmember McGehee noted that between now and December's final levy, modifications would be made to probably reduce the request. Councilmember McGehee noted the popularity and success of the NEP program in the community; however, she noted there were also programs she did not support personally, such as buying homes. Councilmember McGehee opined that it was important to have an operating fund reserve for the HRA, suggesting that there was no reason why it should differ from the needs of the City, and recognized that point, since it operated as a separate taxing authority, opined it seemed appropriate that the HRA had its own operating reserves. Councilmember McGehee stated that she would be happy to support the preliminary HRA levy request in good faith, anticipating the HRA would return with a reduced request for their final request, similar to other preliminary budget requests. While the HRA didn't perform any essential services, Councilmember McGehee noted that they would be embarking on the new business program, which was important to the City and its tax base; and expressed her faith in the good work of the HRA and that of its Executive Director.

McGehee moved, Etten seconded, adopted Resolution No. 11177 entitled, "A Resolution Submitting the Housing and Redevelopment Authority, in and for the City of Roseville, Special Property Tax Levy on Real Estate to the Ramsey County Auditor for the Fiscal year of 2015;" in the preliminary amount of \$741,498.

At the request of Councilmember Etten, Finance Director Miller noted that, similar to the City's cash flow, the largest revenue source for the City was the semi-annual tax levy, requiring a cash flow of six months, with only minimal other revenue sources available to help reduce that need. As a day to day guide, Mr. Miller advised that the HRA had operational requirements for cash flow, with only some of its housing programs dependent on one-time revenue funds, and ever-changing dynamics. Mr. Miller advised that the HRA reserve fund was intended to meet day-to-day operating needs, not long-term housing loan program needs.

At the request of Councilmember Etten, Ms. Kelsey advised that the 2014 budget did not include funds to address reserves, and after working with Finance Director Miller over the last few years, the intent was to bring the HRA closer to carrying itself versus relying on the City at any time to meet cash flow and/or operating needs. Since the 2014 approved budget did not provide a specific line item to add to reserves, but the 2015 budget did so, no new money was targeted, with any excess from the 2014 budget used to further reduce the 2015 reserve fund needs.

Councilmember Etten spoke in support of the motion, recognizing that the HRA had some programs and property issues pending, with potential revenue coming in from those.

At the request of Councilmember Laliberte, Ms. Kelsey advised that she anticipated the Hamline Avenue property to come forward in 2014, but the Dale Street project may not come in until 2015.

Mayor Roe spoke in support of the motion, but also supported looking at it more closely at yearend.

**Roll Call**

**Ayes:** Etten, McGehee, and Roe.

**Nays:** Willmus and Laliberte.

**Motion carried.**

**13. Business Items (Action Items)**

**a. Receive Update on City Volunteer Activities and Accept MAVA Grant Funds for Volgistics Volunteer Management System**

Volunteer Manager Kelly O'Brien explained the Minnesota Association of Volunteer Administration (MAVA) grant application, and its success for a \$2,000 grant to purchase software, called Volgistics, and related expenditures to assist in the City's volunteer program efforts as detailed in the RCA and Attachment A, listing some significant achievements in building that volunteer foundation.

At the request of Mayor Roe, Ms. O'Brien reviewed some of those highlights.

At the request of Councilmember Etten, Ms. O'Brien noted that, after the first year's grant award, this would require a \$1,500 annual funding as an ongoing long-term expense.

Councilmember McGehee congratulated Ms. O'Brien for her efforts and the grant award; and asked City Manager Trudgeon to keep her activities prominent in the City's newsletter, not just web-based information.

At the request of Councilmember Laliberte, Ms. O'Brien addressed funding to be used any way chosen by the City, and availability of the software program on the existing and future websites. Ms. O'Brien noted connections had already been made with a retired Information Technology volunteer with the City of Plymouth and other agencies who had agreed to do the initial build-out.

Etten moved, Willmus seconded, approved acceptance of MAVA Grant fund awarded to the City in the amount of \$2,000; and approve staff entering into a contract with Volgistics to host the Volunteer Management Database System, utilizing remaining funds as designated for bumper stickers and food and beverages.

At the request of Councilmember McGehee, Ms. O'Brien displayed a mock-up sample of the proposed bumper sticker.

**Roll Call**

**Ayes:** Willmus, Laliberte, Etten, McGehee, and Roe.

**Nays:** None.

**14. Business Items – Presentations/Discussions**

**15. City Manager Future Agenda Review**

City Manager Trudgeon distributed and reviewed potential upcoming agenda items.

At the request of Councilmember McGehee, City Manager Trudgeon suggested bringing up any concerns about noise walls or other issues when the MnDOT representative was in attendance at a future Councilmember.

**16. Councilmember-Initiated Items for Future Meetings**

**17. Adjourn**

Etten moved, Laliberte seconded adjournment of the meeting at approximately 8:04 p.m.

**Roll Call**

**Ayes:** Willmus, Laliberte, Etten, McGehee, and Roe.

**Nays:** None.

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Daniel J. Roe, Mayor

ATTEST:

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Patrick J. Trudgeon, City Manager