Roseville Finance Commission Meeting Agenda

Tuesday August 11, 2015 at 6:30pm City Council Chambers, 2660 Civic Center Drive Roseville, MN 55113

6:30 pm	1.	Roll Call / Announcements				
6:35 pm	2.	Receive Public Comments				
6:40 pm	3.	Approval of the July 14, 2015 Meeting Minutes				
6:45 pm	4.	Conduct a Hearing on the 2016 Proposed Budget and Tax Levy				
7:00 pm	5.	Continue Discussion on the use of Park Dedication Funds				
7:10 pm	6.	Continue Discussion on the 2016 City Manager Recommended Budget				
7:45 pm	7.	Review Agenda Items for the Joint Meeting with the City Council on August 17, 2015				
8:10 pm	8.	Initial Discussion on Water & Sewer Rates				
8:25 pm	9.	Identify Discussion Items for the September 8, 2015 Meeting Pending Item: Consider 2016 Budget & Tax Levy Recommendations to the City Council (Aug or Sep) Pending Item: Review Utility Rate Structure & Funding Strategies Pending item: Continue Discussion on Alternative Budget Reporting Formats Pending Item: Developing a Peer Group for Comparisons				
8:30 pm	10.	Adjourn				

Future Meeting Dates:

- Monday, August 17, 2015 (Joint Meeting with City Council)
 Tuesday, September 8, 2015
- Tuesday, October 13, 2015
- Tuesday, November 10, 2015

Staff Contact: Chris Miller, Finance Director chris.miller@ci.roseville.mn.us 651-792-7031

Memo

To: Roseville Finance Commission

From: Chris Miller, Finance Director

Date: August 11, 2015

Re: Item #3: Approve the Minutes from the July 14, 2015 Meetings

Background

As an advisory commission to the City Council, the Finance Commission's discussions and recommendations play an important role in setting City policies and influencing decisions on programs and services.

To ensure an accurate historical account of the Finance Commission's activities are preserved, the City maintains a practice of keeping meeting minutes. The attached file contains the <u>draft</u> minutes from the July 14, 2015 meetings. The Commission is asked to review the minutes and identify any typos, errors or inaccuracies of the discussion that took place.

Where applicable, Commission members are asked to identify any necessary corrections at the meeting. The Commission will subsequently vote to approve the amended (if necessary) minutes. Once the minutes are approved, they become part of the City's permanent records.

Staff Recommendation

Review the draft minutes.

Requested Commission Action

Amend (as necessary) and approve the Finance Commission meeting minutes for the July 14, 2015 meetings.

Prepared by:

Chris Miller, Finance Director

Attachments:

A: Draft Minutes from the July 14, 2015 Finance Commission Meetings

1 2 3 4	Finance Commission Meeting Minutes DRAFT – July 14, 2015 - DRAFT								
5 6	Roll Call/Announcements								
7 8 9	The Finance Commission (F the roll.	C) meeting was called to order at 6:30 p.m. Chair Schroeder called							
10 11 12	Commissioners Present:	Justin Rohloff, Edwin Hodder, Robin Schroeder, Peter Zeller, Nagaraja Konidena and Angela Byrne							
13 14	Commissioners Absent:	John Bachhuber.							
15 16 17	Staff Present: Finance	ce Director Chris Miller, and City Manager Pat Trudgeon							
18 19	Receive Public Comments								
21 22 23 24 25	Schroeder moved to the next Approval of the June 9, 20								
26 27 28 29 30 31	"more", in line 93 change "H "by 2020 the levy would inc	line 24 change "tax payers" to "taxpayers", line 100 removed IE" to "He", line 114 remove the first "levy", line 144 should read rease by \$1.9 Million", line 188 change "levy" to "percentage", ", line 228 change "coving" to "covering", and in line 229 change n".							
32 33 34 35		d, Seconded by Commissioner Zeller, to approve the June 9, 2015. The motion carried unanimously.							
36 37	Receive & Review 2016 Cit	y Manager Recommended Budget							
38 39 40 41 42 43	City Manager Pat Trudgeon reviewed the 2016 City Manager Recommended Budget as presented to the City Council on July 13, 2015 including additional details on the proposed operating budget and subsequent property tax impacts, and identifying key priorities needed to continue the City's level and quality of services to the community. He stated 35% of the City Roseville's budget relies on the tax levy and he would like to see this lowered to less than 33%								
45 46	Chair Schroeder asked if the budget includes the water and sewer rates.								

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- City Manager Trudgeon stated the budget does include the costs for the sewer and water not the
- fees that are charged. He explained the decrease in the non-property tax supported portion of the
- budget was due to lower capital needs in the Sanitary Sewer and Storm Water Fund in 2016.

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Chair Schroeder asked if this decrease was due to a delay in these capital needs or if the repairs are not needed in.

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- City Manager Trudgeon stated the lower costs were the result of repairs that were not needed at
- 55 this time. It may be needed in the future based on the maintenance schedule but this year there is
- not as much of a need. He reviewed the property tax supported portion of the budget. He
- clarified 65% of this portion of the budget is tax levy supported and a majority of the increase is
- due to increases in capital costs and personal services. The proposed levy increase is 3.65% over
- 59 the 2015 levy.

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Commissioner Konidena asked if the proposed 3.65% increase is the not to exceed increase that would be approved by the City Council in September.

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City Manager Trudgeon stated an increase of 3.65% is being recommended but the City Council would set the not to exceed amount in September. He explained once the Council sets the not to exceed levy amount they cannot decide at a later time to increase it above this amount.

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Commissioner Zeller clarified that \$400,000 of the proposed increase would be going towards future planned capital spending not current planned spending.

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City Manager Trudgeon stated this increase was for future spending. He outlined the amount and the Funds that would be affected by this increase in the levy.

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Vice Chair Rohloff asked if the contribution into the Pavement Management Program Fund was the result of a prior levy being repurposed. If this is the result of a levy being repurposed then it would not result in a levy increase because it was currently in place,

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City Manager Trudgeon stated the Pavement Management Program funds were from a levy that would expire and the funds would be repurposed.

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Finance Director Miller explained the City was accurately depicting this addition of \$150,000 to the levy for the Pavement Management Program as well as showing the prior levy ending or being deducted as part of Attachment D. These are new dollars going into the Fund that were not there in 2015 and this amount would be on-going.

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Vice Chair Rohloff asked if the increase would be less because there would be \$150,000 coming out of the budget to offset the Pavement Management Program increase of \$150,000.

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Finance Director Miller explained Attachment D showed all of the funds increases and decreases and how the total levy increase had been calculated.

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- City Manager Trudgeon explained the proposed 2% increase in the cost of living adjustment (COLA) or 2016. The 2015 COLA increase had been 1.4%. He reviewed the new positions that were being recommended for 2016.
- Chair Schroeder clarified that the proposed wage for a part-time Park Shelter Coordinator would be \$35,000.
- Vice Chair Rohloff asked if the projected \$30,000 park shelter revenue was for the year.
- 101 City Manager Trudgeon stated the projected income for the year for park shelters was projected to be \$30,000. He explained at this time the City would not be able to fund a Mental Health 103 Impact Police Officer. The Police Department does receive generalized training on mental 104 health during the year.
- Vice Chair Rohloff asked if the City expected to receive enough revenue through the Auto
 Dealer Licenses to fund the proposed full-time position.
- 109 City Manager Trudgeon stated the City was planning to have this business expanded to cover 110 this position within 2-years. He also explained the City is part of a larger group of cities that 111 share IT services and the increases proposed reflect the City's current 20% of the total for these 112 positions and services.
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 Chair Schroeder asked how many people the Passport Supervisor would be over seeing. She also
 asked if the revenue increase to cover the Auto Dealers License Specialist was reflected in the
 budget.
- City Manager Trudgeon stated the City currently had four (4) part-time positions that the
 Passport Supervisor would oversee. He also explained the revenue increase had been reflected in
 another portion of the budget for the Auto Dealers License Specialist position. He explained he
 is recommending the use of \$375,000 of general reserves to moderate the tax levy increase. This
 is meant to be a one-time use and the City would have to address this in the 2017 budget. He
 also reviewed the \$419,000 in cuts that were part of the budget and these were outlined in
 Attachment D of the staff report.
- 126 Chair Schroeder clarified the \$419,000 reduction included the reductions from the 2015 budget 127 and those items that had been proposed for the 2016 budget that would not be funded.
- Finance Director Miller stated the cuts are a mixture of reductions that were included in the 2015 budget and proposed changes for 2016 along with cuts for those items that are no longer needed.
- 132 City Manager Trudgeon reviewed the tax levy impacts on homeowners. Under the 2016 133 recommended budget, the monthly impact on median-valued home for City taxes would be \$1.90 134 per month or \$22.80 annually.

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136 Chair Schroeder asked if the City Manager made recommendations on what the water and sewer rates should be.

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- 139 City Manager Trudgeon stated he would be included in those discussions. They have experience 140 4% to 5% increases in water from St. Paul. The City is currently in a long term contract with St.
- Paul for their water. He explained the IT partnership the City has and explained Roseville pays
- for 19% of the personnel costs of the IT operation but utilizes 29% of IT staff time. Without the
- current IT partnership, it would cost Roseville significantly more to meet its needs.

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145 Commissioner Byrne asked if the City did period audits on the IT staff time used by Roseville 146 and the rate Roseville pays for these services.

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Finance Director Miller explained the rate had been consistent for several years and the business model including number of users and usage are evaluated every year.

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- 151 City Manager Trudgeon reviewed the next steps for the City Budget including the dates for the next public hearing, adoption of the Preliminary Budget and Levy, and Adoption of the 2016
- Budget, Levy, and Utility Rates.

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155 Chair Schroeder asked if there was a summary available for the Resident Budget Priorities Cards 156 that had been received.

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158 City Manager Trudgeon stated he had not tallied all of these or done an official summary but 159 there is a lot of support for Police and Fire, public safety, concern about the City's investment in 160 infrastructure and roads, there is a feeling the City's debt services is high and how much the City 161 is spending for parks.

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163 Commissioner Zeller stated there is about \$400,000 in the Law Enforcement Reserve. He asked 164 if the City has looked at ways to utilize these funds.

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166 City Manager Trudgeon stated these funds are restricted and the City does look at ways to utilize 167 the funds that would meet these restrictions. There is not a guaranteed revenue stream for this 168 fund.

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170 Commissioner Zeller asked if the discussions with the unionized employees included discussions 171 on work roles, duties and flexibility.

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173 City Manager Trudgeon stated these would be discussed during the negotiations and these contracts typically last 2-years.

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176 Commissioner Hodder asked what the budget impacts would be for commercial businesses in 177 Roseville.

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Finance Director Miller stated this would also be based on the business valuations, which have increased approximately 1.5%. There will be a minor shift from single-family residential to commercial, retail, and multi-family.

Continue Discussion on the 2016-2035 Capital Improvement Plan (CIP) & Funding Strategies

Chair Schroeder stated the Commission had not taken an in depth look at the Pathways Fund because it had been determined that the fund would not need to be increased substantially to remain sustainable. She suggested the Commission take another look at this fund since there were increases in the Budget for this fund. She stated the City Manager Proposed Budget also included a \$63,000 increase for Facilities and the Commission had been working with a \$50,000 increase.

Vice Chair Rohloff explained in the General Facilities CIP scenarios the Commission had assumed an additional levy of \$50,000 and repurposing or reassigning \$335,000 in levy dollars. He reviewed each of the General Facilities CIP scenarios. He stated with the extra increase this year the City may not need to do as large of an increase next year in order to meet their goals.

Chair Schroeder stated when you look at the reserves and the amount of money the City has in a number of funds she thought a one-time increase would be a good use of reserves for the CIP. This would not be an on-going addition of funds. She suggested the Commission move to the Review of Cash Reserve and then return to the Discussion on the 2016-2035 CIP.

Review 2014 Cash Reserve Levels

Commissioner Zeller provided an update of the reserve goals by fund using the reserve amount as a percentage of the budget expenses. He explained the goal amounts for these funds are set in policies. He provided charts for each Fund showing the reserves as a percentage of the annual operating expenses. The General Fund reserve is projected to be at the mid-point of the reserve goal in 2015 or 40% of the annual expenses.

Vice Chair Rohloff asked if the \$375,000 that was being used from the reserve for the 2016 Budget would come from this General Reserve Fund.

Finance Director Miller clarified the reserves used for the 2015 and 2016 Budget would come from the General Reserve Fund. He explained there are planned operating transfers that go into the General Fund and these are programmed into the Budget.

Commissioner Zeller stated the Parks and Recreation Reserve Fund has been in the goal range for the last few years and is budget to remain the same for 2015. The License Center Reserve is significantly above the goal amount and is budgeted to come down slightly in 2015 to 75% of annual expenses. 224225

Commissioner Konidena asked if the License Center Reserve Funds could be used in lieu of raising the tax levy.

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Finance Director Miller stated the License Center Reserve Funds are unrestricted funds and can be used for any public purpose. The drawn down of the License Center Reserve in 2015 and 2016 is being used to pay for IT costs in lieu of taxes going to pay for IT costs. The License Center Reserve Fund will come down substantially in 2016. If the City were to take all of the excess reserves in this fund to offset a tax levy increase it would only be a one-year fix to the problem and the resulting increase would be substantial in the following years.

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Chair Schroeder stated they could look at using these funds as a one-time use for the CIP in order to make these funds stable and sustainable and not increase the budget.

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Commissioner Zeller stated the Telecommunications Fund is not legally restricted funds. He pointed out that the Fund would be drawn on in 2015.

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Vice Chair Rohloff asked what funds had been drawn down in 2014 for tax relief.

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Finance Director Miller stated the General Fund Reserve would have been the only one used for tax relief.

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Commissioner Zeller explained the Community Development Reserve Fund was scheduled to be drawn on in 2015 and this would bring it into the goal range. The Information Technology Fund is scheduled to come down in 2015 and this would be closer to the goal amount. He reviewed the City of Roseville combined Operating Reserve Goals and where the City was compared to these goals based on the budgeted expenditures for each fund multiplied by the reserve percentage goals. He explained the higher the City's expenditures are the higher the reserves are, based on the percentage. The budget has increased 50% since 2005.

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Finance Director Miller explained the growth in the budget using the License Center as an example. The volume of transactions that the License Center is processing is expanding and this drives the additional expenses. There is an offsetting revenue that funds these expenses and provides excess funds for other City programs.

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Chair Schroder stated it would be interesting to see what the tax levy increases were compared to the budget increases and where other revenue was coming from.

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Commissioner Zeller stated the tax levy could be added to the charts for comparison. He reviewed the Annual Reserve Level versus the goal and in 2015 the City would be close to the target levels because they would be drawing down this balance based on the Budget.

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Chair Schroeder stated the City would still be over the recommended reserve balance average of \$7.82 Million at the end of 2015. Some of these funds could be used in the CIP and the City would still be in the goal range for the reserves.

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Finance Director Miller pointed out that some of the reserve funds are restricted funds and/or earmarked for specific expenditures that are planned for and these cannot be moved to the CIP. Any recommendation should be based on each fund level.

Chair Schroeder stated if there are specific planned expenditures that are included in the CIP then the funds should be moved to the CIP.

Finance Director Miller stated the Telecommunications Fund and the IT Fund are both a capital fund and an operating fund. The Commission would need to look at all of the CIP needs as well as the operations in order to determine what the actual needs would be for these funds. The General Funds for Park and Recreation does not have capital included but the License Center, Telecommunications, IT and Community Development funds do. He explained the large reserve in the License Center had been earmarked for the construction of a new building. At this time it is not clear the City would be construction a new facility.

Chair Schroeder stated there had been discussions that the License Center reserves could be used now and the City would bond for a new facility.

Vice Chair Rohloff stated the Commission had recommended a policy that the City have these reserve funds within the targeted range or have a plan to move them within the target range so there would not be funds with large sums of unallocated money.

It was the consensus of the Commission to move discussions back to the CIP.

Continue Discussion on the 2016-2035 Capital Improvement Plan (CIP) & Funding Strategies

Vice Chair Rohloff stated the Commission had requested a more targeted review of certain asset categories and he reviewed these additional scenarios for the Commission. The General Facilities scenarios include new scenarios if the City receives 50% of the funding for the OVAL and 25% of the funding for the OVAL

Commissioner Hodder clarified that the scenarios for the General Facilities did not include private donations that may be received for the OVAL.

Finance Director Miller stated there have been some donations for the OVAL but these have not been significant when compared to the needs of the OVAL.

Vice Chair Rohloff reviewed the current revised summary of levy levels and the summary for the levy levels for the Finance Commission supported Plan.

Finance Commission Minutes

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- July 14, 2015 Draft Minutes Page 8 of 10 Commissioner Zeller clarified in the Commission supported Pavement Management Program the 312 313 first \$150,000 levy increase would be a repurpose or reassignment of levy funds but the increases after 2016 would be actual increases. 314 315 Vice Chair Rohloff stated this would be correct. The Pavement Management Program would 316 need the most increases in order to fund the improvements and maintain the Endowment Fund. 317 He stated the only difference in the proposed increases in the Commission Supported plan for 318 2016 and the City Manager proposed Budget for 2016 would be in General Facilities. The City 319 Manager's Budget has an additional levy of \$63,000 versus the Commission proposed \$50,000, 320 but the Commission had not reviewed the Pathway Fund as part of this. He clarified 60% of the 321 City Manager's proposed budget is for capital expenditures not operating expenses. 322 323 Commissioner Zeller asked if the expenditures increase for the Pavement Management Program 324 of \$2.1 Million to \$3.1 Million was inflationary. 325 326 Vice Chair Rohloff stated he had used an inflationary rate of 2% in years 2023 to 2036 and this 327 was based on today's dollars. 328 329 Commissioner Konidena asked what the plan would be for the Golf Course. 330 331 Finance Director Miller stated the Golf Course is not included in these funds and it is a stand-332 alone fund. The Commission had recommended the Council have a study done on the Golf 333 Course to evaluate their options and determine the long term viability. 334 335 Chair Schroeder requested this recommendation be discussed with the Council at the joint 336 meeting in August. 337 338
- Vice Chair Rohloff stated if the Commission was to recommend the Finance Commission 339 Supported Plan the use of Park Dedication Funds could be listed as additional revenue rather 340 than additional levy for the Parks Improvement Plan. 341
 - Chair Schroeder stated she could not support this plan the way it was written because the additional levy amounts may not be actual levy increases because these funds may come from other things. She would recommend changing the column titles from Additional Levy to Additional Revenue.
- Vice Chair Rohloff suggested the Commission consider recommending the City look at adding 348 the recommended amounts to the CIP. 349
- 350 Commissioner Byrne suggested adding a footnote that if other revenue sources are not identified 351 then it is assumed the funds would come from the tax levy. 352
- 353 Finance Director Miller stated the Council may be looking to the Commission for 354 recommendations on determining what things are important and if the tax levy as the only 355

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solution would be reasonable. They would like input on what is reasonable given what the tax payer is already paying.

Vice Chair Rohloff stated this is what the Council had done a couple of years ago to make the CIP more sustainable. The Commission recommended plan would provide the Council with

additional direction on what could be done in the future.

Commissioner Hodder stated the Commission should be recommending the high end of what would be required for sustainability so the Council can see the short and long term impacts of their decisions.

Vice Chair Rohloff stated the plan can be adjusted but it is important for the City to have a plan that they can work with to create sustainability within the funds.

370 It was the consensus of the Commission to review the CIP annually.

Commissioner Zeller clarified Vice Chair Rohloff would like to recommend the Finance Commission Supported Plan as presented with the three supporting scenarios to the City Council.

Vice Chair Rohloff stated this was correct and the supporting scenarios would be Scenario 7 for Pavement Management Program, Scenario 7 for General Facilities, and Scenario 6 for Park Improvement Program.

Commissioner Byrne stated it is an underlying assumption that the City would look for revenue through other sources outside of the tax levy and an increase in the levy would be the worst case scenario. She did not believe the column headings would need to be changed from "Additional Levy".

Chair Schroeder stated she would like to encourage the City to look at other sources such as the Park Dedication Fund. She suggested adding an asterisk or other indicator after "Additional Levy" and footnote it as "or other sources of funds".

Vice Chair Rohloff pointed out that the overall budget may not increase even though the capital portion of the budget may.

Commissioner Zeller recommended adding a footnote to the scenarios that the expenditures are based on today's spending and the current planned amounts.

Vice Chair Rohloff made a motion, Seconded by Commissioner Zeller to adopt the Finance Commission Supported Plan as amended by adding a note to "Additional Levy" stating this amount could come from other sources and the Commission recommends this Plan to the City Council at the August joint meeting. **The motion carried unanimously.**

Chair Schroeder stated Vice Cahir Rohloff would be running the meeting in August as she would be unavailable but she would be available for the joint meeting with the City Council.

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TimeSaver Off Site Secretarial, Inc.

402 Discussion on the Use of Park Dedication Funds 403 404 405 It was the consensus of the Commission to move this discussion to the August 11, 2015 meeting 406 agenda. 407 408 Identify Discussion Items for the August 11, 2015 Meeting 409 410 Vice Chair Rohloff stated the August 11 agenda would include a discussion on the use of Park 411 Dedication Funds, preparations for the joint meeting with the City Council on August 17. The 412 Commission could make a recommendation on the Capital portion of the Budget at the joint 413 meeting and then make a recommendation on the operating portion at a later date. 414 415 Chair Schroeder suggested the Commission discuss the Operating Budget at the August 11 416 meeting. 417 418 Finance Director Miller stated he would prepare a report for the joint meeting that outlined what 419 the Commission has done and what the Commission is recommending the Council take under 420 advisement, including the CIP Plan, approval of the proposed Policies and a study for the Golf 421 Course. The Council would also provide feedback on what they would like to see the 422 Commission work on for the next 6-12 months including the utility rates. 423 424 425 Commissioner Hodder stated he would continue to gather background information and other material for the Commission's discussion on solar energy. 426 427 428 429 Adjourn 430 431 Vice Chair Rohloff made a motion, seconded by Commissioner Zeller to adjourn the meeting. The motion carried unanimously. 432 433 434 Meeting adjourned at 9:15 p.m. 435 Respectfully submitted, 436 437 438 Tina Borg

Memo

To: Roseville Finance Commission

From: Chris Miller, Finance Director

Date: August 11, 2015

Re: Item #4: Hearing on the 2016 Recommended Budget & Tax Levy

Background

At their April 20, 2015 City Council meeting, the Council discussed the Finance Commission's role in the upcoming 2016 Budget process. The discussion took place in the context of adopting a budget calendar that lays out various steps and milestone events in the process.

The Council expressed a desire for the Commission to participate in the following manner:

Date	Meeting Venue	Purpose / Comments
May 27th	Council	Observe/attend Departmental Budget Overview Presentations
June 1st	Council	Observe/attend Departmental Budget Overview Presentations
June 15 th	Council	Observe/attend Discussion on City Council Goals & Priorities
July 13th	Council	Observe/attend presentation of the City Manager Recommended Budget
July 14th	Commission	Receive a presentation of the City Manager Recommended Budget
August 10th	Council	Observe/attend Preliminary Budget Hearing
August 11th	Commission	Conduct a Preliminary Budget Hearing
August 17 th	Both	Joint meeting between the Council/Commission to Review CIP Funding Strategies
September 14th	Council	Observe/attend the Adoption of the Preliminary Tax Levy & Budget
October 19 th	Council	Observe/attend Continued Discussion on the Budget/Review Water & Sewer Rates
November 30 th	Council	Observe/attend Final Budget Hearing
December 7 th	Council	Observe/attend Adoption of the Final Tax Levy, Budget, and Water & Sewer Rates

In setting these budget calendar dates, the Council was particularly interested in having the Commission take a lead/active role on the <u>July 14th</u>, <u>August 11th</u>, and <u>August 17th</u> meeting dates.

The Commission is asked to hold a budget hearing to solicit comment on the 2016 Recommended Budget and tax levy. The purpose of the Hearing is to provide citizens with an opportunity to provide input on City programs and the budget and to gauge their willingness to pay higher property taxes and fees in order to maintain programs at current service levels. The Commission can then use this input to help guide any recommendations on the preliminary budget and levy.

For reference purposes, the 2016 Recommended Budget calls for a tax levy increase of \$667,818 or 3.65%. For a median valued, single-family home this will result in a total city monthly tax of \$72 per month; an increase of \$1.90 or 2.7%.

In exchange for this additional \$1.90 per month, residents will help maintain core services including; police and fire protection, streets and parks, street lighting, and others. Residents will also help strengthen the City's long-term asset replacement programs.

Staff Recommendation

Not applicable.

Requested Commission Action

Hold a Budget Hearing.

Prepared by:

Chris Miller, Finance Director

Attachments:

A: Not applicable

Memo

To: Roseville Finance Commission

From: Chris Miller, Finance Director

Date: August 11, 2015

Re: Item #5: Continue Discussion on the Use of Park Dedication Funds

Background

At the June 9th and July 14th, 2015 Finance Commission meetings, the Commission briefly discussed Park Dedication fees and how they are used in funding park system amenities. Very briefly, Park Dedication fees are statutorily authorized and represent charges against new development for the impact they have on a park system.

Under the Law, municipalities can choose to either require a portion of the new development to be set aside for the park system, or to impose a fee which can be used anywhere in the City. The City has historically chosen to impose the fee to maximize the flexibility of where and how the park system is built.

Currently, the City imposes \$3,500 for each new residential unit that is constructed. The calculation for non-residential development is based on 7% of the fair market value of <u>unimproved</u> land triggered by a new plat or subdivision.

State Statute 462.358, Subd. 2b(g) restricts the use of Park Dedication fees as follows:

Cash payments received must be used only for the acquisition and development or improvement of parks, recreational facilities, playgrounds, trails, wetlands, or open space based on the approved park systems plan. Cash payments must not be used for ongoing operation or maintenance of parks, recreational facilities, playgrounds, trails, wetlands, or open space.

Subd. 2c further clarifies that:

The fee or dedication must bear a rough proportionality to the need created by the proposed subdivision or development.

Over the past decade, the City has experienced wide fluctuations in the collections of Park Dedication fees. This is summarized in the chart below.

The State of	Amount		Amount	
, <u>Year</u>	(<u>Collected</u>	<u>Expended</u>	
2005	\$	216,112	\$	-
2006		131,500		word and a second
2007		53,738		-
2008		6,000		-
2009		1,000		43,928
2010	-	-		56,003
2011		512,000		12,218
2012		3,000		- Anna Anna Anna Anna Anna Anna Anna Ann
2013		634,345		5,175
2014			1	256,281
2015 (YTD)		136,486		2,500
	\$	1,694,181	\$	376,104

The Park Dedication Fund has a current balance of approximately \$1.23 million. Prior to 2005, the Fund had a negative cash balance due to the acquisition of parkland adjacent to Twin Lakes which was eventually financed by Park Dedication fees.

Conceivably some or all of these funds could be earmarked for park system CIP items that are on the horizon. This will however limit the funds available for new amenities or initiatives which has been a common use for these funds in the past.

Staff Recommendation

Not applicable.

Requested Commission Action

The Commission is asked to review the use of Park Dedication funds and determine whether to recommend any guidance to the City Council.

Prepared by:

Chris Miller, Finance Director

Attachments:

A: N/A

Memo

To: Roseville Finance Commission

From: Chris Miller, Finance Director

Date: August 21, 2014

: Item #6: Review 2015 City Manager Recommended Budget

Background

At the July 14, 2014 City Council meeting, the City Manager presented his 2015 Recommended Budget. The attached files contain a PowerPoint presentation and memo summarizing his recommendations.

The Commission is asked to review the recommendation.

Staff Recommendation

Not applicable.

Requested Commission Action

For information purposes only. No formal Commission action is required, but the Commission could offer guidance or recommendations to the City Council if it desires.

Prepared by: Chris Miller, Finance Director

Attachments: A: 2016 City Manager Recommended Budget

City of Roseville 2016 Budget

July 13, 2015

2016 City Manager Recommended Budget

- For tonight, we intend to:
- Provide the City Council and public more detail on the proposed 2016 operating budget for the City of Roseville and subsequent property tax impact.
- Identify key priorities needed to continue our level and quality of services to the community.
- Provide context for the City Council in making the decision on the not-to-exceed levy on September 14.

2016 City Manager Recommended Budget

Primary Goal

To provide the residents and businesses of Roseville the needed, necessary, and desired services in the most efficient way while limiting the amount of financial burden to taxpayers.

Additional Goals

Allocating resources to meet the previously identified Community **Aspirations**

Meet the needs identified in the most recent City survey Factoring in public input to final resource allocation.

Community Aspirations

As a community, we aspire to be

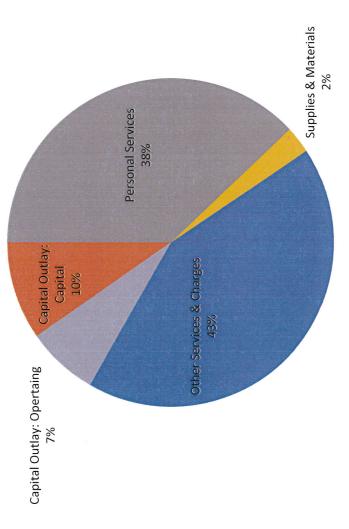
- Welcoming, inclusive, and respectful;
- Safe and law-abiding;
- Economically prosperous, with a stable and broad tax base;
- Secure in our diverse and quality housing and neighborhoods;
- Environmentally responsible, with well-maintained natural assets;
- Physically and mentally active and healthy;
- Well-connected through transportation and technology infrastructure; and
- Engaged in our community's success as citizens, neighbors, volunteers, leaders, and businesspeople.

City Manager 2016 Budget Priorities

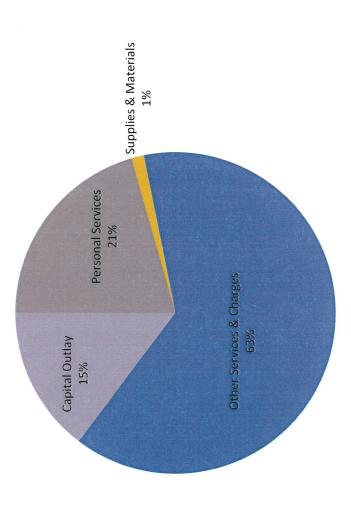
- Growing non-property tax revenues through expansion of business enterprises
- Leveraging partnerships to reduce costs while increasing productivity
- Reorganization of service delivery to more efficiently utilize tax dollars and lessen future costs.
- Strategic use of reserve funds.

Focus on these strategies will over time reduce reliance of tax levy to deliver City services and programs.

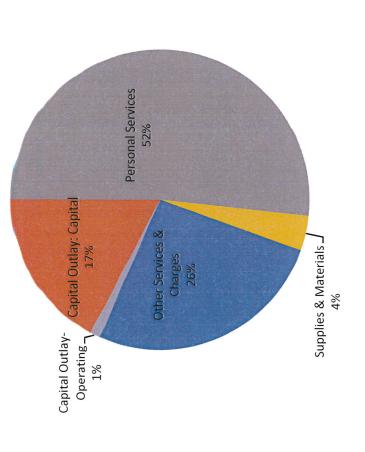
- Total Budget: \$52,729,290
- Increase of \$684, 000 or 1.3%
- Non-Property Tax Supported: \$23,367,130
- Property Tax Supported: \$29,362,160



- Non-property tax supported budget: \$23,367,130
- Decrease of \$622,820 or -2.6% decrease
- Majority of decrease are lower capital needs from the Sanitary Sewer and Storm Water Funds.

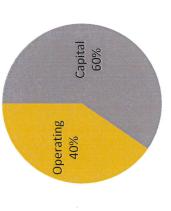


- Property Tax Supported Budget: \$29,362,160
- Increase of \$1,306,820 or 4.7%
- Tax levy comprises 65% of this budget
- Majority of increase due to personal services and capital costs.



- Property Tax Supported Budget
- Total Proposed Levy: \$18,944,720
- Increase of \$667,818 or 3.65% over 2015 levy
- Of levy increase:
- \$398,000 or 60% of levy increase going towards planned capital spending.
- \$269,818 or 40% of levy increase going towards operating budget.

Levy Increase:



2016 Levy Increase

Capital Spending Budget - \$398,000 of new spending that will increase funding in the following areas

- \$150,000 for the Pavement Management Program (PMP)
- \$160,000 for the Park Improvement Program (PIP)
- \$63,000 for Facilities
- \$25,000 for Pathways

reflecting inflationary cost increases for supplies and services, employee cost of living adjustment of 2%, planned employee Operating Budget - \$269,818 of increased costs primarily wage step increases, and increased costs for health care.

Cost of living adjustment (COLA) Discussion

- City Council policy to award COLA to non-union employees based on the previous years Consumer Price Index (CPI) for Minneapolis/St. Paul and the Employment Cost Index (ECI) for State of Local Government workers.
- The most recent CPI for MSP will be released on July 17. The national CPI numbers show a 0% increase through May.
- for wages and salaries. The second quarter numbers will be reduced The most recent ECI covers the first quarter of 2015 and rose 1.8% at the end of July.
- While acknowledging the lower index numbers, the City Manager is remain consistent with union employees and competitive with peer proposing 2% COLA for all non-union employees starting in 2016 to communities.

New Employee Positions

- Proposed 2016 City Manager Budget proposes the creation of 7 new positions.
- 1.5 FTEs will be created funded with levy dollars for a total levy impact of \$5,000.
- total cost of \$241,220 charged to existing City fund balances. 5.5 FTEs will be created funded with non-levy dollars with a
- Positions:
- **Assistant Fire Chief**
- Park Building Scheduler
- Finance Department Intern
- Passport Supervisor
- Auto Dealers License Specialist
- Network Operations Supervisor
- Server Support Specialist
- Computer Support Specialist

Recommended Budget New Positions-Levy Supported 2016 City Manager

- the levy due to cost savings as a result of reorganization and Assistant Fire Chief Position (Full-Time) - \$0 net increase to transitioning to full-time staffing of fire fighters.
- Park Shelter Coordinator (Part-Time) \$5,000 net increase to levy. Remaining costs will be covered by revenue from new building rentals.
- Mental Health Impact Police Officer and Administrative Department Intern is not funded as part of proposed City Manager Budget.

New Positions - Non-Tax Levy Supported

- Finance Department Intern (Part-Time) Cost of \$18,000 from Water and Sewer Funds
- Passport Supervisor (Full-Time) Cost of \$94,000 from License **Center Fund**
- Auto Dealers License Specialist (Full-Time) Cost of \$68,000 from License Center Fund
- Network Operations Supervisor* (Full-Time) Cost of \$24,600 from IT Fund
- Server Specialist* (Full Time) Cost of \$20,220 from IT Fund
- Computer Support Specialist* (Full Time) Cost of \$16,400 from

IT position costs show City cost only. The remaining costs of \$244,880 will be paid by other members of the IT Group

Recommended Budget 2016 City Manager Use of Reserves

- For the 2016 budget, the City Manager is proposing the use of over the long term, it is acceptable to continue the use of the increase. While the reliance on reserves is not sustainable \$375,000 of general reserves to moderate the tax levy reserves in the 2016 budget process.
- budget, it is estimated that the General Fund reserve level will The City will remain in its target range of desired reserves levy (35%-45%). Using \$375,00 of reserves as part of the 2016 be 37%.

Recommended Budget **Budget Reductions from 2015** 2016 City Manager

- For the 2016 property tax supported budget, staff identified \$419,000 in cuts.
- Include the elimination of Fire Inspector position and Fleet and Facilities Superintendent (eliminated in 2015).
- From the Department Head requests the following were eliminated from the 2016 City Manager Budget.
- Police Mental Health Impact Officer and Administrative Intern
- Additional Emerald Ash Borer Funding
- McGough Building Management Services for Fire Station and Roseville Skating Center
- Funds to remodel Public Works offices
- Medical supplies for Fire Department

2016 City Manager Recommended Budget

Tax Levy Impact on Homeowners

- In Roseville, the median valued single-family home experienced a 0% valuation increase
- Under the 2016 Recommended Budget, the monthly impact on a median-valued home for City taxes will be \$1.90 per month or \$22.80 annually.
- from \$841.51 in 2015 to \$864.31 in 2016; an increase of 2.7%. For the median valued home, total City taxes paid would go

Recommended Budget City Manager Budget Priorities 2016 City Manager

Growing non-property tax revenues through the expansion of City business enterprises

allow for the License Center to grow revenue from its activities. It is expected these positions will The addition of Auto Dealer License Specialist and the Passport Supervisor to a lesser extent, will lead to a 8 to 12% increase in transactions at the License Center.

Leveraging partnerships to reduce costs while increasing productivity

2010. Roseville pays for 19% of the personnel costs of the IT operation but utilizes 29% of IT's staff operations. The total amount Roseville users, accounts, and devices have increased by 40% since time. Without the current IT partnership, it would cost Roseville significantly more to meet its Adding staff to IT will allow for increased service to Roseville employees and more efficient

City Manager Budget Priorities

Reorganization of delivering services to more efficiently utilize tax dollars and lessen future costs. In 2016, the Fire Department will continue to transition to a full-time staffing model by adding an Assistant Fire Chief and making Battalion Chiefs front-line supervisors. This can be done with any new costs due to the elimination of a Fire Inspector position and other cost savings due to the

cost. The shifting of work duties will provide for more responsive customer service in the utility The Finance Department will reallocate half of the time for the existing receptionist to perform utility billing functions. Finance Department Interns will staff the reception desk for a very low building area.

Strategic use of reserve funds.

The 2016 City Manager Budget proposes to utilize \$375,000 of reserves which will allow for City services and programs to continue while providing for tax relief.

Recommended Budget 2016 City Manager City Budget Next Steps

July 14 - Finance Commission

August 10 – City Council Public Hearing

August 11 – Finance Commission Public Hearing

August 17 – Joint City Council/Finance Commission Meeting

September 14 – City Council Adoption of Preliminary Budget and Levy

November 30 – Final City Council discussion on Final Budget and October 19 – City Council discussion on Final Budget and Levy

December 7 – Adoption of 2016 Budget, Levy, and Utility Rates