



**Agenda
Minnetonka City Council
Study Session
Monday, May 16, 2022
6:30 p.m.
Minnehaha Room**

- | | | |
|----|---|----------------|
| 1. | Call to Order | 6:30 p.m. |
| 2. | Introductions/Roll Call | 6:30-6:35 p.m. |
| 3. | Director Presentations (Public Works and Finance) | 6:35-7:50 p.m. |
| | | Break |
| 4. | 2023 Kick-Off Budget Discussion | 8:00-8:50 p.m. |
| 5. | June 20, 2022 Study Session Topics | 8:50-9:00 p.m. |
| 6. | Adjournment | 9:00 p.m. |

The purpose of a study session is to allow the city council to discuss matters informally and in greater detail than permitted at formal council meetings. While all meetings of the council are open to the public, study session discussions are generally limited to the council, staff and consultants.



**Study Session Agenda Item #3
Meeting of May 16, 2022**

Title: Director Presentations
Report From: Moranda Dammann, Acting Assistant City Manager
Submitted through: Mike Funk, Acting City Manager

Action Requested: Informational

Summary Statement

The city is comprised of a city manager and eight departments that provide a variety of essential services to Minnetonka. Public Works Director Will Manchester and Finance Director Darin Nelson will be presenting on each of their departments.

Strategic Profile Relatability

- | | |
|---|--|
| <input checked="" type="checkbox"/> Financial Strength & Operational Excellence | <input checked="" type="checkbox"/> Safe & Healthy Community |
| <input checked="" type="checkbox"/> Sustainability & Natural Resources | <input checked="" type="checkbox"/> Livable & Well-Planned Development |
| <input checked="" type="checkbox"/> Infrastructure & Asset Management | <input checked="" type="checkbox"/> Community Inclusiveness |
- N/A

Statement: Operations of city departments ensure the priorities set in the strategic profile are met

Background

The city is comprised of a city manager and eight departments that provide a variety of essential services to Minnetonka.

Public Works strives to continually maintain and improve Minnetonka's streets, utilities, parks, trails and natural resources through collaborative partnerships.

The Finance department is responsible for assessing, payroll, utility billing, purchasing, investment of city funds and management of city assets. The department protects and safely manages the city's assets in compliance with local, state and federal legal requirements, and provides accurate, timely and complete financial information and services to residents, businesses and customers.

Discussion Questions

Department director presentations are information however; time will be available for questions during and after each presentation.



MINNETONKA
COMMUNITY

MINNETONKA CITY COUNCIL
(Economic Development Authority)

Mayor Brad Wiersum

Council Members at Large: Ward Representation
 Seat A: Deb Calvert Ward 1: Brian Krik
 Seat B: Dr. Kimberly Wilburn Ward 2: Rebecca Schack
 Ward 3: Bradley Schaeppi
 Ward 4: Kissy Coakley

BOARDS & COMMISSIONS

- Charter Commission
- Planning Commission
- Economic Development Advisory Committee
- Park Board
- Senior Citizen Advisory Board
- Sustainability Commission
- Diversity, Equity & Inclusion Task Force

City Attorney
Corrine Heine

ACTING CITY MANAGER
Mike Funk

PUBLIC SAFETY

PUBLIC WORKS

RECREATION

DEVELOPMENT SERVICES

ADMINISTRATION

POLICE
Chief Scott Boerboom

- Patrol
- Investigation
- Support Services

PUBLIC WORKS
Will Manchester

- Streets
- Water & Sewer
- Engineering
- Parks, Buildings & Grounds
- Natural Resources
- Recycling

RECREATION SERVICES
Kelly O'Dea

- Recreation programs
- Ice Arena
- Williston Center
- Gray's Bay Marina
- Senior Services

COMMUNITY DEVELOPMENT
Julie Wischnack

- Inspections
- Environmental Health
- Licensing
- Planning & Zoning

ADMINISTRATIVE SERVICES
Acting
Moranda Dammann

- City Clerk & Elections
- Human Resources
- Information Technology
- Communications
- Risk Management

FIRE
Chief John Vance

- Emergency Management
- Inspection
- Prevention
- Response

FINANCE
Darin Nelson

- Accounting
- Budget
- Payroll
- Utility Billing
- Assessing
- Special Assessments

LEGAL
Corrine Heine

- Prosecution
- Legal advice to the city



**Study Session Agenda Item #4
Meeting of May 16, 2022**

Title: 2023 Budget Kick-Off

Report From Darin Nelson, Finance Director

Submitted through: Mike Funk, Acting City Manager
Moranda Dammann, Acting Assistant City Manager

Action Requested: Provide staff with 2023 budget priorities and levy direction

Summary Statement

This budget study session is in response to the City Council's desire to be engaged in the budget process earlier in the budget development process. This study session will provide a high-level overview of the budget preparation process, factors affecting the budget and the previously forecasted future levy estimates.

Strategic Profile Relatability

- | | |
|---|---|
| <input checked="" type="checkbox"/> Financial Strength & Operational Excellence | <input type="checkbox"/> Safe & Healthy Community |
| <input type="checkbox"/> Sustainability & Natural Resources | <input type="checkbox"/> Livable & Well-Planned Development |
| <input type="checkbox"/> Infrastructure & Asset Management | <input type="checkbox"/> Community Inclusiveness |
| <input type="checkbox"/> N/A | |

Statement: This budget kick-off study session will aid in ensuring the city maintains a long-term positive financial position by balancing revenues and expenditures across varying needs.

Background

The development of the annual budget is a multi-faceted project encompassing an almost year-round process and is guided by the city's strategic profile.

Historically, the council reviews the draft Capital Improvement Program (CIP) in late spring or early summer followed by another study session in August to review the operating budget before adopting the official preliminary budget and levy in September along with final approval of the CIP. Another study session is held in November to review the draft operating budget followed by a public meeting in December and finally council approval that same month.

During last year's budget process, the City Council requested to be engaged in the budget process prior to the August study session. This study session is aimed at providing a high-level overview of the process and factors potentially influencing the 2023 levy and budget.

The council will review the 2023-2028 CIP at the June 20 study session. Staff have been reviewing projects and updating long-term projections to ensure the sustainability of the various capital and enterprise funds involved with capital outlay projects. A recurring theme that

directors and project managers are expressing is the substantial increase in costs of goods and services, along with supply chain issues for materials. Inflation impacts are expected to significantly impact both the current and 2023 budgets. For instance, capital equipment purchases are projected to increase ten percent next year alone. Construction projects are also expecting increases due to materials, equipment and labor costs increasing. Supply chain delays are also a concern, as seen most recently with the council approving an amendment to the 2022-2026 CIP to move up the purchase of a fire engine to price increases and the built time expanding to 18 months.

Staff is anticipating that inflationary increases will place pressures on the operating budget. Over three quarters of the General Fund operating budget is personnel services. Wages and benefits will need to remain competitive with both our comparable cities and various private sector industries that compete for talent with similar skill sets. Employee turnover remains at elevated levels and the cost to replace and train new employees does have implicit and explicit impacts to the budget and productivity levels.

During the development of the 2022 budget, staff forecasted a 2023 levy increase of 6.7 percent. That projected increase is partially due to the 2022 levy being supported by \$1.0 million dollars of American Rescue Plan Act (ARPA) funding. Restoring that \$1.0 million levy subsidy requires a 2 percent increase in the 2023 levy. The original ARPA plan also included a General Fund levy reduction of \$250,000 in 2023 and 2024, respectively. This \$250,000 reduces the levy increase by 0.5 percent for 2023.

A portion of the levy dedicated to CIP related projects and funds is also expected to increase in 2023 as funding levels are restored due to shifts in previous years to accommodate project needs. Fortunately, the city is decertifying a large TIF district this year that will provide additional tax capacity that is equivalent to about \$500,000 or 1.1 percent in tax levy capacity. This additional tax capacity does not reduce the levy increase, but it does reduce the taxes paid by all property owners.

As you are aware, residential property owners are likely to experience a shift in the property tax burden for 2023 as residential property values greatly outpaced the value increases in commercial property. Staff is waiting for final tax rate calculations from Hennepin County to estimate what this impact may be for residential property owners. The tax rate information typically becomes available mid-summer. As a reminder, this shift in property tax burden tends between property classes tend to ebb and flow over time. For example, up until this year, commercial, industrial and apartment building have bearing the burden of a shift in value and property taxes for the last several years as their values increased at a higher rate than residential properties.

Tonight's study session is intended to provide high-level insight to the challenges and opportunities in developing the 2023 budget. Staff would also appreciate Council's feedback on budget priorities, including but not limited to operations, programming and capital projects. The annual community survey is also currently being conducted and its results may trigger additional budget consideration.

Lastly, the levy is impacted by the budget decisions made along the development process. Traditionally the council would see the estimated preliminary levy at its study session in August. This meeting is an opportunity for staff to listen to council's direction and desires, which then allows staff sufficient time to work on the preliminary budget before the August study session and preliminary levy approval in September.

Discussion Questions

1. What are the council's 2023 budget priorities, including but not limited to operations, programming and capital projects?
2. Does the council have suggestions on the percentage increase and/or acceptable range for the preliminary 2023 levy?



**Study Session Agenda Item #5
Meeting of May 16, 2022**

Title: June Study Session – topics and date

Report From Mike Funk, Acting City Manager

Submitted through:

Action Requested: Affirm upcoming topics and date

Summary Statement

This item is informational and is intended to provide the council with the upcoming study session agenda items and study session schedule.

Background

The Minnetonka city council is scheduled to hold a total of eleven (11) study sessions in 2022. To maximize study session meetings, provide staff direction and focus on council priorities, council members ranked specific topics they expressed interest to review. At the Jan. 10, 2022 Study Session the city council reviewed these rankings, discussed priorities and provided direction to staff.

At the Feb. 7, 2022 regular council meeting the city council unanimously approved the 2022 Study Session Work plan. See attached. Staff committed that at each proceeding study session the topics for the upcoming study session will be provided.

Section 1.5 of the City Council Rules of Procedure states, individual council members may propose agenda items for future meetings at a study session, and the council may provide direction to the city staff regarding scheduling such matters. In essence, this document can be modified throughout the remainder of the year by a majority of council members.

Unless modified by the city council, the 2022 Study Session Work Plan agenda items for June 20, 2022 are:

- NRMP/POST Plan, park dedication fees, funding, priority list
- 2023 CIP/EIP

Discussion Questions

1. Does the city council confirm upcoming topics and date?

2022 Council Study Session Work Plan		
C i t y M a n a g e r R e c r u i t m e n t	Quarter 1	
	10-Jan	Establish 2022 Council Work Plan Study Session: streaming/broadcasting
	14-Feb	Joint EDAC/CC wealth building buy-down program Boards & Commission Interviews 2022 Community Survey questions review
	17-Mar	Director presentation: Chief Scott Boerboom, Police Director presentation: Julie Wischnack, Community Development Strategic Profile
	Quarter 2	
	TBD	Joint meeting with City of Hopkins: Southwest Light Rail & Dual city contracts
	04-Apr	Director presentation: Mike Funk/ Moranda Dammann, Administration Director presentation: Corrine Heine, Legal Director presentation: Kelly O'Dea, Recreation programming overview Director presentation: Chief John Vance, Fire
	16-May	Director presentation: Will Manchester, Public Works Director presentation: Darin Nelson, Finance 2023 Kick-Off Budget discussion
	08-Jun	Recheduled Annual Park Board tour
	20-Jun	NRMP/POST Plan, park dedication fees, funding, priority list 2023 CIP/EIP
	13-Jul	Boards & Commissions dinner
	Quarter 3	
	15-Aug	2023 budget discussion Recap RCV Sign ordinance in reference to elections
	25-Aug	Annual joint Planning Commission, EDAC and City Council tour
	19-Sep	Housing: homelessness Affordable Housing
	Quarter 4	
	02-Nov	Annual Park Board and City Council joint meeting
	07-Nov	Speed limits Police policy/data collection
	21-Nov	2023 Enterprise budget discussion, including utility billing/senior discount) 2023 budget discussion
	12-Dec	2023 Strategic Profile Action Steps 2023 Study Session Work plan 2023 Legislative Breakfast - confirm priorities

Other Potential Topics

- Technology security and data practice training
- Council meeting length/meeting efficiencies
- Review solar energy programs and offerings
- Noise discussion: Lawn mowers, leaf blowers
- Storage of garbage/recycling containers
- Council member compensation
- Noise discussion/hardscape discussion: outdoor pickleball
- Personal property tax
- Review of business programs
- Permitting work flow: informational
- Human Rights/DEI Commission
- Community Engagement
- New Low to Medium Density Zoning Discussion Along Identified Corridors
- Buckthorn pick-up
- annual survey and/or a question through MinnetonkaMatters
- city council retreat item; Spring 2022