

**AGENDA**  
**MAPLEWOOD CITY COUNCIL**  
**MANAGER WORKSHOP**  
5:15 P.M. Monday, July 09, 2012  
Council Chambers, City Hall

**A. CALL TO ORDER**

**B. ROLL CALL**

**C. APPROVAL OF AGENDA**

**D. UNFINISHED BUSINESS**

**E. NEW BUSINESS**

1. Declaration of Intent to Close Meeting
  - a. Review of Flood Litigation
2. Discussion on Listening Forum Process
3. Review of 2013 Budget Process

**F. ADJOURNMENT**

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**AGENDA REPORT**

**TO:** James Antonen, City Manager  
**FROM:** Charles Ahl, Assistant City Manager  
**SUBJECT:** **Discussion on Flood Litigation**  
    **■ Declaration of Intent to Close Meeting**  
**DATE:** July 2, 2012

**INTRODUCTION**

The City Council will discuss strategy for addressing litigation that is a result of the July 2011 flooding. A discussion on strategy and settlement options will be considered.

Because of the confidential nature of this litigation, the staff and City Attorney will be recommending that the City Council close this session as allowed by state statute.

**Recommended Action**

The City Council should discuss the litigation. No action is recommended, although it is anticipated that the Council will provide direction to the staff and City Attorney on settlement options.

**AGENDA REPORT**

**TO:** James Antonen, City Manager  
**FROM:** Charles Ahl, Assistant City Manager  
**SUBJECT:** **Discussion on Listening Forum**  
**DATE:** **July 2, 2012**

**INTRODUCTION**

At the May 14<sup>th</sup> Council Meeting, as part of Council Presentations, the City Council directed staff to place an item on a future Work Session for the Council to continue the discussion on the format of the Listening Forum.

Time on the Work Session has been allocated for that discussion.

**Recommended Action**

No action is recommended by staff.

**AGENDA REPORT**

**TO:** James Antonen, City Manager  
**FROM:** Charles Ahl, Assistant City Manager  
**SUBJECT:** Discussion of 2013 Budget Assumption and Evaluation Process  
**DATE:** July 2, 2012

**INTRODUCTION**

This agenda item is the start of the 2013 Budget process along with information for the City Council. The staff intends to review the process that we propose for the Council to provide input prior to considering settling the maximum levy for 2013 in September 2012, and adopting the final budget in December 2012. The staff has begun the process of estimating the needs and necessary budget reductions to meet the overall budget directions given by the Manager’s office. The expectation is that the City Council will provide input into the process at this time, so that July and August presentations provide the Council with their desired level of involvement into the budget process prior to the necessary decision dates.

**Background Information**

During the past months, the City Manager’s budget team has worked with the Council to established goals through the Council – Staff Retreat Process and developed the following assumptions to be shared with the City Council about the 2013 Budget:

1. A levy increase of 3 – 4% = \$525,000 - \$700,000.
2. An increase in funding of about 1.0% for Police Department Expansion = \$125,000
3. A stabilization of funding for the MCC Fund. [from the Audit Report]
4. A stabilization of funding for the Ambulance Fund. [from the Audit Report]
5. A small increase of funding for the Debt Service Fund. [from 2012 Bonds]
6. A small increase in funding for Park Development.
7. A continued reduction in the street renewal program.
8. An expansion of funding for Economic Development.

During 2011, the City Council directed that an increase to the fund balance to 40.0%. The fund balance is set at that amount for 2012. That assumption allows for excess funds for above normal revenues or decreased expenses during 2012, to be used for one-time expenditures and capital project expenditures.

The levy for 2012 was distributed as follows:

General Fund	\$12,265,420
Recreation Program Fund	\$ 175,000
Maplewood Community Center Fund	\$ 460,000
Debt Service Fund	\$ 4,313,530
Capital Improvement Projects Fund	\$ 145,000
Fire Truck Replacement Fund	\$ 50,000
Public Safety Expansion Fund	\$ 200,000
Park Development Fund	\$ 0
Ambulance Fund	\$ 350,000
Total 2012 Levy	\$17,853,523

2013 BUDGET PROCESS  
PAGE TWO

Each of the Department Heads has prepared budget requests based upon their needs for 2013. In addition, the Capital Improvement Plan was adopted on March 26, 2012 that included financing assumptions for various projects and improvements. Following is a summary of the requests and needs for 2013 based upon those requests and the CIP:

**Summary of Initial Budget Requests**

Operating Expenses increase over 2012:	\$ 594,570
New Economic Development Authority Levy:	\$ 89,270
Funding for Maplewood Community Center Capital Projects:	\$ 100,000
Reduced Ambulance Fund Debt Charge:	\$ 100,000
Add levy to Park Development Fund:	\$ 100,000
Increase funding for Recreation Program Fund:	\$ 35,000
Increase funding for Debt Service for 2012 Bonding:	\$ 105,000
Increase Capital Improvement Fund for Fire Training Facility	\$ 35,000
Increase Public Safety Fund for Police Department Expansion	\$ 125,000
Increase Housing Redevelopment Fund	<u>\$ 40,000</u>
 Total New Requests	 \$1,303,840

In addition to requests for additional budget authority, the Department Heads have worked with the Finance staff to estimate 2013 non-tax levy charges and revenues. Following is a summary of the changes to revenue assumptions for 2013 that could impact the levy:

**Summary of 2013 Revenue Revisions**

Increase in building and planning fees:	+\$ 300,000
Reduced Admin Charge in Ambulance Fund	-\$ 100,000
Reduced Engineering Charges due to reduced Street projects	-\$ 228,000
Reduced Passport Fees	-\$ 20,000
Reduced Revenue from Landfall Contracts	<u>-\$ 133,250</u>
 Total Revenue Impacts for 2013	 -\$ 181,250

Based upon these initial requests and revenue trends, the impact to the 2013 Levy can be determined, if the first assumption is that all these requests are funded and that it is all covered by an increase in the 2013 levy:

**Summary of Impact on 2013 Levy**

2013 New Requests	\$1,303,840
2013 Revenue Impacts	<u>\$ 181,250</u>
 2013 Needed Levy Increase to fund all Requests	 \$1,485,090
• The 2012 levy was \$17,853,523, thus % impact:	+8.32%

**Notes: The Management Team does not recommend an 8.32% levy increase.**

**Recommendations to Reduce Levy Increase**

As noted, a levy increase of 8.32% is neither within the City Council’s sustainability goals nor within the range that the City Management Team is comfortable recommending. Following are the steps in reducing the levy to a sustainable level of comfort that the Management Team can recommend to the Council:

1. Reductions to Operating Requests	\$ 250,000
2. Reduce the new EDA Levy	\$ 50,000
3. Reduce the Redevelopment Levy to 2012 level	\$ 20,000
4. Increase Revenue with Engineering Division	\$ 100,000
5. Cut Capital Expenditures [possible fund with 2012 funds]	
a. Maplewood Community Center	\$ 100,000
b. Ambulance Fund Debt support	\$ 100,000
c. Park Development Fund	\$ 100,000
d. Recreation Program Fund	\$ 35,000
e. Capital Improvements Project Fund	\$ 35,000
6. Reduce Contribution to Public Safety Expansion Fund	<u>\$ 70,000</u>
 Total Recommended Reductions:	 \$ 860,000

**Revised Summary of Impact on 2013 Levy**

2013 New Requests	\$1,303,840
2013 Revenue Impacts	<u>\$ 181,250</u>
 2013 Needed Levy Increase to fund all Requests	 \$1,485,090
 Recommended Reductions:	 <u>-\$ 860,000</u>
 Recommended 2013 Levy	 \$ 625,090
• The 2012 levy was \$17,853,523, thus % impact:	+3.50%

**Notes on Assumption for 2013 Levy**

The following have been assumed as issues/impacts for 2013:

1. Employee wage and benefit expenses will be increased by 2.0%.
2. Tax levy collections will continue at a similar rate to 2011-12.
3. Ambulance Fund collections will continue to grow at a slower rate [1-3%] than expenses [3-5%] due to the increased number of responses covered by Medicare, which does not cover costs.
4. Maplewood Community Center revenues will increase slightly [2-5%]; while expenditures will decrease slightly [1-2%], closing the gap on a 5-year sustainability plan.
5. Inflationary impacts will be minimal, including fuel expenses. The only exception is a large increase in dispatch costs for public safety.

**Budget Review Process**

The assumptions and information presented in this report will be reviewed in detail with the City Council during Work Session over the next 6 – 8 weeks as follows:

1. July 23 Work Session
  - a. Finance Department;
  - b. IT Department;
  - c. Citizen Services Department [includes Taste of Maplewood Funding]
2. August 6<sup>th</sup> Work Session
  - a. Parks Department [Maplewood Community Center and Recreation Funds]
  - b. Community Development Department
  - c. Administrative and Executive Departments
  - d. Public Works Department
3. August 13<sup>th</sup> Work Session
  - a. Fire Department [includes Ambulance Fund]
  - b. Police Department
4. August 27<sup>th</sup> Work Session
  - a. Discussion / priority on Capital Funding
  - b. Budget in draft format available for public viewing
5. September 10<sup>th</sup> Regular Meeting
  - a. Council sets maximum levy and sets Public Hearing for December 2012

**Budget Review Process**

As summarized above, the preliminary analysis is proposing to increase the levy by \$625,090 or 3.50%. That amount can increase or decrease depending upon the Council's judgment and acceptance of reductions or revenue increases.

The recommended process will be processed using the following format:

<b><u>Discussion Item</u></b>	<b><u>Staff Recommendation</u></b>	<b><u>Council Direction</u></b>
Recreation Program	Cut \$35,000; no increase from 2012 Possible fund with excess 2012 dollars	[completed in August]
Maplewood Comm Ctr	Cut \$100,000; no increase from 2012 Delay to some Improvements Possible fund with excess 2012 dollars	
Debt Service	Add \$105,000 to levy Reduce Streets Program	

2013 BUDGET PROCESS  
PAGE FIVE

<u>Discussion Item</u>	<u>Staff Recommendation</u>	<u>Council Direction</u>
Economic Dev Auth Fund	Start new levy at \$39,270 instead of \$89,270	
Cap Improv Proj Fund	Cut \$35,000; Possible fund with excess 2012 dollars	
Park Development	\$0 to levy Possible fund with excess 2012 dollars	
Fire Truck Replacement	Continue levy at \$50,000/yr; No change No delay in vehicle replacement	
Ambulance Fund	Add \$100,000 to levy Cut \$100,000 charge for Admin Charges	
Public Safety Fund	Add \$55,000 to levy instead of \$125,000 Fund some improvements internally	
General Fund	Cut \$250,000 from Department Proposals Assume 2.0% employee cost increase [further information at department meetings]	

**Summary of Proposed Levy Increase**

The staff is proposing a maximum levy increase for 2013 of 3.5% or \$625,090. This can be broken into parts as follows:

1. Operating cost increases:	\$295,820	1.7%
2. Ambulance Fund increases:	\$100,000	0.6%
3. Debt Service increases:	\$105,000	0.6%
4. Public Safety Bonding:	\$ 55,000	0.3%
5. New EDA Levy:	\$ 39,270	0.2%
6. Park Development Fund Levy	<u>\$ 30,000</u>	<u>0.1%</u>
<b>TOTAL</b>	<b>\$625,090</b>	<b>3.5%</b>

**Recommended Action**

It is recommended that the City Council review the preliminary assumptions for the 2013 Budget and provide input on the process for evaluation.

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