

CITY OF BLOOMINGTON
2215 WEST OLD SHAKOPEE ROAD
HENNEPIN COUNTY, MINNESOTA 55431

CITY COUNCIL MEETING

Approved Minutes
Special Meeting
Meeting #24A

5:00 p.m.
August 18, 2003
McLeod Conf. Rm.

- Call to Order Mayor Gene Winstead called the meeting to order at 5:12 p.m.
- Roll Call Present: Mayor Winstead, Councilmembers D. Abrams, S. Elkins, M. Fossum, H. Harden, S. Peterson, and V. Wilcox.
- Staff: M. Bernhardson, C. Arneson, J. Truax, K. Michaelson, D. Ornstein, L. Economy-Scholler, C. Rollins, J. Gates, J. Laux, T. Ferber, and J. Pasternacki.
- Public Comment Period The Public Comment Period is not usually open during special/study meetings.
- Introduction of the Voting Exercise Mayor Winstead welcomed Jim Rice, Consultant - Governing Institute, who had previously attended the July 28 Council study session to show Council how a voting exercise could be used to rank their priorities regarding how to bridge the gap in the 2004 Budget.
- Mark Bernhardson, City Manager, explained that staff had provided Council with following information in advance of this meeting to give them some background on the budget prior to doing this exercise: cost of each program in terms of gross dollars in the budget, net dollars after the general revenue and the specific revenues are taken out, and the monthly costs for the average home, fund balances, the PMP program, and franchise fees. He explained that Council would be given three choices to bridge the gap in the 2004 Budget: Increase revenues, reduce costs, or use reserves. Following would be more specific choices within those three areas. The rating scale of 0-10 was used (0 indicating no desire to use as a strategy and 10 meaning complete reliance as a strategy). He explained that both Council and staff would be participating in this exercise and that the results would be used to shape the budget for the next Council meeting on August 26, at which time more discussion would result in further refinement for Council's action on September 8 to set the preliminary levy.
- Exercise #1 Options to Bridge the 2004 Budget Gap Exercise #1: How to bridge the fiscal gap in the 2004 Budget? (The arithmetic averages resulting from the voting for both Council and Staff follow.)
- Option A: How much do you want to rely on new revenues? (Council 37%, Staff 45%)
Option B: Relative importance of cost avoidance? (Council 30%, Staff 22%)
Option C: How much do you want to dip into reserve funds? (Council 33%, Staff 26%)
- Exercise #2 Revenue Sources Exercise #2: Relative interest on relying on the following alternative sources of revenue.
- Option A: Re-levy 60% to recapture lost Market Value Credit & LGA for up to \$1 to \$1.2 million. (Council 8.5, Staff 8.4)
- Option B: Increase tax levy 3% (beyond the re-levy) for approximately \$1 million. (Council 3.7, Staff 5.6)
- Option C: Increase tax levy 5% (beyond the re-levy) for approximately \$1.67 million. (Council 2.3, Staff 2.2)
- Option D: Maximum we could levy (beyond the re-levy) for approximately \$2.5 million. (Council 2.9, Staff 1.1)

Exercise #2 continued

Option E: Franchise fees of 1% for \$1.1 million. (Council 3.3, Staff 5.4)

Option F: Franchise fees of 2% for \$2.2 million. (Council 0.9, Staff 5.3)

Option G: Franchise fees of 5% for \$5.5 million. (Council 0.3, Staff 1.4)

Option H: Utility fees on street lighting utility for \$0.67 million. (Council 3.1, Staff 4.2)

Option I: Street capital & maintenance utility for about \$2 million. (Council 5.0, Staff 5.3)

If Council desires to rely more on increasing revenues, Abrams stated his preference for increasing revenues through the levy versus through increased utility fees. He added that the City underlevied last year relative to what the maximum was and the State punished the City for it.

Exercise #3
Cost Reductions

Exercise #3: Council's preference for cost reductions:

Option A: Cost savings initiatives at 1% for \$0.4 million. (Council 2.7, Staff 5.9)

Option B: Cost savings initiatives at 3% for \$1.2 million. (Council 4.6, Staff 4.3)

Option C: Cost shifts from General Fund to other funds about \$0.5 million. (Council 7.1, Staff 6.6)

Option D: Service reductions by 1% for \$0.4 million. (Council 0.7, Staff 5.2)

Option E: Service reductions by 3% for \$1.2 million. (Council 3.9, Staff 1.8)

Option F: Service reductions of 5% for approximately \$2 million. (Council 1.4, Staff 1.2)

Option G: Restore strategic priorities by 2006 at a cost of approximately \$1 million. (Council 6.1, Staff 6.2)

Exercise #4
Reserve Funds

Exercise #4: Council's preference for bridging the gap by utilizing current reserves.

Option A: Use of Transitional Reserves (in 2004 \$0.62 million programmed for 2005). (Council 3.4, Staff 8.1)

Option B: Accelerated use of Police Pension Monies (\$0.4 million). (Council 7.9, Staff 6.8)

Option C: Reduce internal service charges for selected funds, thereby lessening fund balances in the respective fund (approximately \$0.8 million in 2004). (Council 6.4, Staff, 6.8)

Option D: Lower working capital in the General Fund (about \$0.5 million). (Council 7.4, Staff 8.1)

Option E: Health Insurance Fund (\$0.4 million). (Council 5.0, Staff 4.8)

Exercise #5
Service Reductions

Exercise #5: Council's vulnerability in reducing/eliminating the following services as means of moving to bridge the potential gap in 2004 and beyond.

Option A: Police patrol (including EMS). (Council 0.7, Staff 1.0)

Option B: Police investigations. (Council 1.0, Staff 1.8)

Option C: Animal control. (Council 4.3, Staff 5.6)

Option D: Crime prevention. (Council 1.5, Staff 3.4)

Exercise #5 continued

- Option E: Bomb squad. (Council 3.0, Staff 4.2)
- Option F: Emergency Response Unit/Special Operations. (Council 2.6, Staff 2.2)
- Option G: Emergency preparedness. (Council 0.7, Staff 3.2)
- Option H: Fire suppression. (Council 1.9, Staff 1.2)
- Option I: Fire prevention. (Council 0.6, Staff 2.5)
- Option J: Community planning. (Council 3.9, Staff 4.8)
- Option K: Building inspections. (Council 3.6, Staff 2.8)
- Option L: Fire Prevention/Community Development. (Council 1.6, Staff 3.2)
- Option M: Environmental health. (Council 2.1, Staff 4.3)
- Option N: Public health services. (Council 4.1, Staff 7.3)
- Option O: Adult recreation. (Council 4.8, Staff 5.0)
- Option P: Human services. (Council 5.0, Staff 5.9)
- Option Q: Cultural and special events. (Council 4.3, Staff 7.3)
- Option R: General recreation. (Council 4.4, Staff 4.1)
- Option S: Aquatics facilities. (Council 4.3, Staff 3.3)
- Option T: Engineering. (Council 2.4, Staff 2.6)
- Option U: Traffic control and street lights. (Council 1.6, Staff 1.5)
- Option V: Street maintenance. (Council 0.9, Staff 2.1)
- Option W: Park maintenance. (Council 1.6, Staff 3.0)
- Option X: Facilities maintenance (buildings and grounds). (Council 2.1, Staff 2.1)
- Option Y: String of pearls. (Council 2.6, Staff 4.6)
- Option Z: Workforce housing. (Council 5.4, Staff 5.3)
- Option 2A: Community renewal. (Council 2.8, Staff 3.8)
- Option 2B: Pavement Management Program (PMP) upgrade. (Council 1.6, Staff 3.3)
- Option 2C: Restoration/return to normalcy by 2006. (Council 2.3, Staff 2.5)

Quick Analysis of
Voting Exercise

A quick analysis of Council's voting exercise by Bernhardson revealed that it was Council's desire to fill the approximate \$5.5 million gap from revenues (\$2 million), cost reductions (\$1.65 million), and reserves (\$1.8 million), which could be further broken down as follows:

Revenues (\$2 million): Re-levy (\$1.2 million) plus either a 3% levy (\$1 million) or street maintenance utility (\$2 million).

Voting Analysis
continued

Cost shifts (\$1.65 million): Cost shifts (\$500,000) plus either or a combination of cost savings and service reductions (\$1.2 million).

Reserves (\$1.8 million): Accelerate use of police funds (\$400,000), reduce I.S. charges (\$800,000), and lower working capital/General Fund (\$500,000).

It was stated that dipping into the reserves is a one-time option and that Council cautioned that cutting too deep into reserves could jeopardize the City's AAA bond rating. Council requested more details and history regarding the reserve funds before decisions are made to cut into those funds.

Winstead again stated his desire to see that the City continue to operate on a "pay as you go" basis, which can be attributed to its attaining a AAA bond rating.

Council inquired how long contributions to the reserve funds could be deferred before they start seriously affecting the quality of programs and equipment. There was general Council consensus that Bernhardson's analysis of Council's voting was the right direction on how to bridge the budget gap. Staff will provide additional background and history on reserve funds, etc. for Council's continued discussion of the budget at its next study meeting.

Adjourn Meeting

Mayor Winstead adjourned the meeting at 6:55 p.m.

Barbara Clawson
Council Secretary