

**SHOREVIEW CITY COUNCIL WORKSHOP MEETING
MINUTES
August 15, 2011**

Attendees:

City Council: Mayor Martin; Councilmembers Huffman, Quigley, Wickstrom and Withhart

Staff: Terry Schwerm, City Manager
Jeanne Haapala, Finance Director
Mark Maloney, Public Works Director
Fred Espe, Assistant Finance Director

DISCUSSION OF 2012 BUDGET AND PRELIMINARY TAX LEVY ADOPTION

At the last City Council workshop, budget requests were presented without any City Manager recommended reductions, which showed a levy increase of 5.5%. This increase is above the target set by the Council of between 3% and 4%. It was the consensus of the Council to direct staff to bring the levy down to the target range. In order to achieve additional savings, staff is proposing to lower the wage adjustment from 2% to 1%. Other changes include cost savings from an anticipated retirement and elimination of *Access to Shoreview* publication that is put in the local newspaper at over \$7,000 a year. The Community Center transfer was decreased by \$9,000, as it has operated successfully for the last few years.

In addition, a \$25,000 reduction in the street renewal levy is recommended. This levy reduction was accomplished by reconstructing the streets in the Edgetown Acres neighborhood over two years, rather than as one large project. The Edgetown area is not scheduled for reconstruction until the end of this decade.

Withhart asked if the street renewal program was still on schedule. Schwerm responded that due to financial constraints, it is taking a little longer to complete the streets than originally anticipated. For example, one street renewal project was pushed from 2013 to 2014 to maintain the required minimum balance in the street renewal fund. However, a major \$2.5 million street rehabilitation project is still planned in 2013. The City is still scheduled to have all streets in the City reconstructed to modern standards by 2020.

With all of these proposed reductions, the tax levy was reduced by about \$202,000 and the levy increase was reduced from 5.5% to 3.36%.

Mayor Martin asked about information received from the State Auditor and League of Minnesota Cities (LMC) regarding market value homestead credit. Mr. Schwerm responded that the information is complex and will be reviewed at an upcoming budget session. It is a good thing for cities not having to rely on reimbursements, but it will be more difficult for homeowners to understand this year. More data will be available before the preliminary levy.

Mayor Martin noted that the new system will have a major impact on taxable value in addition to the 4.5% that the County has already reduced values. Mr. Schwerm stated that the impact will likely shift tax burden to commercial and industrial properties and apartments.

Councilmember Wickstrom asked how cost effective it would be to keep *Access Shoreview* in the local paper rather than *ShoReviews* that comes out bi-monthly. *Access Shoreview* comes out every two weeks on the website and monthly in the Press and Bulletin with current City activities, programs and reports on key Council actions. *ShoReviews* has information that is not as timely as *Access Shoreview*. For the amount of \$7,000, she would like to keep *Access Shoreview* published in the local papers. Surveys indicate that people get their information from the local newspapers, and she does not want to miss an opportunity to inform residents.

Mr. Schwerm responded that it is difficult to say what is more effective. *Access Shoreview* has run for three months in the newspapers. There has been no feedback from residents so there is not a good sense of its effectiveness. It would be about a 0.10% levy increase to add it back into the budget.

Mayor Martin stated that *Access Shoreview* was in response to the last community survey, but it is still an amenity. It does not hurt core services to cut it. She would like to propose the lowest preliminary levy possible.

Councilmember Withhart stated that a 3.5% levy is still a big increase. There are those who do not see that kind of increase for their own incomes. He asked if the new market value homestead process is likely to last more than a year. Mr. Schwerm stated that the State likes the system because it has saved the State more than \$300 million. He believes this will become a permanent program. Councilmember Withhart responded that in future years it will make the Council's job easier because valid comparisons can be made.

Councilmember Huffman stated that he has no doubt that this budget is disconnected from what the rest of the world is seeing in personal income, although he understands the reasons for the increases.

Mayor Martin noted that the Mayor of St. Paul is asking for a 6% increase after a 0% increase last year. Shoreview has tried to avoid such levy jumps. A zero increase is an artificial low and does not reflect real costs.

Councilmember Withhart stated that a 1% increase for staff salaries is not much, but from others he has talked to many are getting lower than 1%. The Council has been good with increases over the years. Those in the step system will get a step increase plus 1%.

Councilmember Quigley agreed and stated that the City has demonstrated financial prudence. This is a real budget, not games. These decisions are what it takes to do the job. The Council set a clear mission for staff, and he has no problem with the budget presented. He also does not

want to see budget increases jump but rather keep it on an even keel. The best tool to make the most of the economy is to work smarter and harder, and the City has satisfied people. He would have supported a 2% increase in salaries, but is okay with 1%.

Mr. Schwerm stated that there are more options to consider further reductions, but they will have an impact on services.

Councilmember Wickstrom stated that she would like to see *Access Shoreview* in, but can support what is presented. It is important to make sure the City is doing what it can to retain employees, especially those who have worked many years for the City. Replacing employees is expensive. She does not want to do anything that would jeopardize City bond ratings or quality of life ranking. Everyone has worked too hard for that.

Mayor Martin stated that 1% is symbolic, and it is a message that, while other cities are not giving any increase, Shoreview does want to reward its employees. That is the reason for the City's success over the years.

OTHER ISSUES

Councilmember Withhart stated that he will be absent from the September 6th meeting.

Councilmember Withhart expressed his appreciation for the report on the ash borer and monitoring activity by staff on this issue.

The meeting adjourned at 8:31 p.m.