

**CITY OF SHOREVIEW
MINUTES
CITY COUNCIL SPECIAL WORKSHOP MEETING
November 9, 2015**

CALL TO ORDER

Mayor Martin called the workshop meeting of the Shoreview City Council to order at 6:00 p.m. on November 9, 2015.

ROLL CALL

The following attended the meeting:

City Council: Mayor Martin; Councilmembers Johnson, Quigley, Springhorn and Wickstrom

Staff: Terry Schwerm, City Manager
Rebecca Olson, Asst. to City Manager
Fred Espe, Finance Director
Laurie Elliott, Human Resources Director
Tom Simonson, Asst. City Manager/Community Development Director

Parks and Recreation
Commission: Desaree Crane
Craig John
Tom Lemke
Charlie Oltman

Stantec Consulting
Services, Inc.: Stuart Krahn, Landscape Architect and Project Manager
Jim Maland, Director of Recreation

DISCUSSION REGARDING ADVANCE RESIGNATION NOTICE PROGRAM

Human Resources Director Laurie Elliott described an advance resignation notice program as a possible policy for Shoreview. Such a policy would address concerns for succession planning and filling vacancies. The program would allow a one-time payment for advance notice as follows:

90 Days	(3 Months)	\$ 500
120 Days	(4 Months)	\$1,000
180 Days	(6 Months)	\$1,500

Payment would be made on or after the employment termination date. Employees who are leaving would be required to train the new employee taking their position. If either the employee

or the City rescinds the resignation within 10 days, payment would not be made. All payments would be subject to taxation.

Currently, the City has seven employees who qualify for the Public Employees Retirement Association (PERA) retirement under the Rule of 90 (years of service plus age). There are three other communities with a similar program. The program would allow the City time to fill positions and have retiring employees train new employees before they leave.

Councilmember Johnson asked how taking vacation time within the last months of employment would work. Ms. Elliott stated that is not a big concern because annual leave is capped at a maximum of 240 hours and amounts above this cannot be carried over year to year without special permission from the City Manager. City Manager Schwerm added that he generally does not allow carryover of vacation, unless there is a plan to use it in the ensuing year.

It was the consensus of the Council to adopt this proactive program of advance notice from employees who plan to leave that will help the City keep positions filled and provide training for new employees. This item will be voted on by the Council at an upcoming Council meeting.

REVIEW OF 2016-2017 OPERATING BUDGET AND FIVE-YEAR OPERATING PLAN

Mayor Martin commended and congratulated Finance Director Fred Espe for receiving the Certificate of Achievement in Excellence Award.

Tax Levy

City Manager Schwerm summarized the changes for 2016 and 2017. The increase in the levy for 2016 is just under \$400,000 or 3.9%. Primary reasons for the increase include:

- Public safety costs are a primary reason for the increase and account for over \$150,000 of the increase. The Fire Department now has 24/7 duty crews and 2016 is the final year of higher implementation costs. Also, the Fire Department has experienced an increase in the number of calls, which are mostly medical.
- Wage and benefit increases are approximately \$100,000, and capital funds are increasing approximately \$100,000.
- In 2016, there will be the election cost for election judges at \$27,500 and an increase in postage for absentee ballots.
- There are relatively small increases to the EDA and HRA levies.

The overall impact of these items is a tax levy increase of 3.9%.

The biennium budget presented includes changes expected in 2017. These changes are estimates of expenditures increasing by 3.18%. Again, public safety is one of the biggest increases. Changes in the capital and debt levies are estimated at approximately 1%. The total General Fund change is estimated at 2.97% with the estimated increase of \$22,380 in various revenue categories. The budget for 2017 is a plan that can be changed by Council resolution when final information is available.

Property Values

The median property value in Shoreview will increase from \$247,500 in 2015 to \$253,800 in 2016, a 2.5% increase. A significant number of homes are not changing in value or are decreasing in value. Those property owners will see either no increase or a decrease in taxes. A home increasing in value by 2.5% will see an increase of the City portion of taxes of approximately \$25.

Councilmember Springhorn asked what the impact would be to City taxes for property owners when a business uses the Abatement Policy. City Manager Schwerm stated that the level of abatement is 1% based on the City's tax rate. For each percent of increase to the levy, the resultant increase to taxes on a median value home is approximately \$6.00. Mayor Martin added that the ability to use abatement will not be in effect until the 2017 tax year, which gives the City time to respond.

Councilmember Quigley noted levy increases of over 3% for the last several years and asked if there has been negative feedback from residents. Mr. Schwerm stated that he has not received any calls. He noted the documents prepared by the Finance Department are available to the public and clearly explain the City's budget and plans for the future as well as identifying issues to be addressed.

Mayor Martin noted that the big advantage of adopting two-year budgets is the ability to look ahead to see what might be coming that would impact the City.

Five-Year Operating Plan

City Manager Schwerm reviewed key items in the City's Five-Year Operating Plan:

Levy Increase: A higher levy increase is planned in 2018 to add back the Parks and Recreation Director. That position continues to be evaluated and there may be ways to mitigate the increase.

Councilmember Quigley stated that he would support any way that might be found to mitigate the costs projected in 2018.

Mayor Martin added that with the Community Center expansion, she would potentially like to see the cost of a Parks and Recreation Director moved ahead in the plan. Mr. Schwerm responded that it has been possible for him to serve in that position because of the excellent department directors and City staff and the good staff at the Community Center who work well together.

Councilmember Johnson expressed her concern of whether not having the director position filled impacts park and recreation, a signature service of the City. Having City Manager Schwerm as Acting Parks and Recreation Director strains the system. She would like to see a director hired who will focus on developing strategies to address park and recreation issues. Mr. Schwerm responded that the strain is not administrative. The concerns he has heard about in the

Department is a potential increase in the level of staffing for park maintenance. The City now provides all maintenance to the library grounds. A new agreement is being negotiated with the library and school district for those costs. It is hoped that this revenue will cover at least half the cost of an added maintenance worker. More full-time maintenance workers are needed.

Debt Levy: Although proposals for debt look high with the water treatment plant, Community Center expansion and Commons Master Plan, the debt levy will remain fairly constant. Debt being issued is being paid by enterprise funds or by the Community Investment Fund. Even with the planned debt issues, the City will only be at 15% of its legal debt limit.

Shoreview's debt retirement is very favorable. Over the next five years, approximately 39% of City debt will be retired even with added debt. A big factor in the City's AAA bond rating with Standard & Poor's is the fact that the City is retiring debt fairly quickly.

Source of Revenue: The biggest source of City revenue is from utility charges: sewer, water, and surface water. The City receives 36% of revenue from utilities, 31% from property taxes and 23% from charges for services, which is the Community Center and recreation program revenue, as well as engineering and administrative services charges. In 2016, the City's operating budget (without capital expenditures) is approximately \$26 million. That will grow to almost \$30 million in 2020.

Councilmember Johnson asked what steps would be necessary to grow income from charges and services from 23% to 30% of income. Mr. Schwerm answered that charges to the Community Center or programs could be increased, which could potentially reduce that portion of property taxes. He would need to analyze this further if it was a goal of the Council.

Mayor Martin asked if there are other revenue generating measures that could be taken to avoid increasing taxes. Mr. Schwerm stated that staff will research possible revenue sources to bring to the Council for discussion.

General Fund Operations: Property taxes are becoming an increasing portion of the General Fund budget. Permit fees and plan check fees are declining with the full development of the City. Over the next five years, property taxes will grow from 75% to almost 90% of the General Fund budget. Although the tax levy is not increasing at an unmanageable rate, it is important to be aware of this trend. Revenues and expenditures are budgeted conservatively each year in order to end with surpluses and meet fund balance requirements.

Community Center: The Community Center continues to be successful with a fund balance of almost \$1.5 million. The Community Center and recreation program fees brings in approximately 90% through budget user fees. The state mandated minimum wage is having an impact, especially on the Summer Discovery program. Fee increases for that program will be higher than anticipated.

Cable: The City is saving contractual costs having withdrawn from the North Suburban Cable Commission (NSCC). Some of those savings are being used in transfers for other

communication activities. Communications transfers from the cable fund has grown from \$167,000 to \$200,000.

Water Fund: Average daily household use of water continues to decline. In 2012, the City sold over 1 million gallons of water and 900,000 gallons in 2013. However, in the last two years, the sales have been low at around 800,000 gallons. The base number used in the budget is 880,000 gallons, which means revenue will be less. Water rate increases this year at 12% are solely due to the water treatment plant. Next year the proposed increase is 8%. The increases are higher than expected because the water treatment plant is costing closer to \$12 million rather than the \$9 million originally projected. After 2017, the increase rate will level off at 4%. Even with these water rate increases, it is anticipated that the overall utility bill will increase less than 10% in 2016. This is because the sewer rate is only proposed for a 3% increase for the next three years.

Surface Water: There is a 10% increase to surface water rates in the next few years because of capital projects. The cost of surface water treatment is almost the cost of new roads in road improvement projects. Pond dredging work is also planned.

It was the consensus of the Council to accept the biennium budget and Five-Year Operating Plan.

Mayor Martin called a short break and then reconvened the meeting.

JOINT MEETING WITH THE PARKS AND RECREATION COMMISSION TO DISCUSS SHOREVIEW COMMONS MASTER PLAN UPDATE

Presentation by Stuart Krahn, Stantec Consultant Services, Inc.

There were four objectives identified in the project RFP:

1. Develop plans for future park improvements and other site amenities;
2. Enhancing connectivity between the public facilities;
3. Improved onsite pedestrian and bicycle links; and
4. Maintain safe and efficient traffic flow in parking.

The first step is to thoroughly review the site to find out exactly what is on it to define possible site opportunities and constraints. The features recommended should:

- Be easily maintained and evolve over time as the site changes
- Be smart and educational
- Be actively programmed
- Should tell a story over time
- Should become a major brand component of the City.
- Be flexible for a variety of uses during the day and through different seasons of the year
- Aesthetically pleasing
- Environmentally and economically resilient
- Memorable

In looking at the 40 acres of the site, existing uses were identified, existing circulation points into and exiting the site to look for gaps. Transportation, recreational walking, a path around the pond, accessibility for people with impaired mobility, bicycle parking locations and number to put in were also reviewed. Additional input is needed on:

- Existing valued places and activities
- Issues that the City sees a need to be addressed
- Circulation conflict points
- What has been tried before that did not work

The following were identified by the Council as features of the Commons Park that need to be changed:

- The hockey rink is not heavily used, is not attractive and does not reflect well on Shoreview.
- The softball fields are lightly used.
- There are no gardens, memorials or seating areas.
- The trail around the pond is not well defined and very wet in areas.
- The pond needs cleaning.
- The picnic shelter needs to be replaced in the neighborhood park portion of the park.
- The Wave (concessions in the Community Center) needs better access to people outside.

Items the Council would like to see added to the Commons Park are:

- Expand opportunities for outdoor activities for Summer Discovery
- A wedding venue with floral landscaping and arbor
- Plaza style updated skate park
- Improved skating venue
- Playground improvements
- Outdoor eating area

It was noted that the Commons area serves all generations. There needs to be areas for all kinds of activities--walking, biking, sitting--that will appeal to all ages. Some sports come and go. Flexibility is needed to make changes without a major expense. One question to consider is whether it makes sense to maintain a neighborhood park adjacent to the Commons.

Mr. Maland showed examples and proposed a number of ideas that might fit:

- Skating trail in winter months - this will need refrigeration to create quality ice to compete with arenas. More and more of these are being built. He noted that the ice ribbon in Chicago is a significant revenue generator.
- Restaurant and patio
- Ice ribbon
- Skate rentals
- Interactive plaza fountain in summer
- Food trucks at noon for people to sit in the park and eat
- Sledding
- Ice sculpture area

- Cross country skiing
- Glass environment fireplaces
- Amphitheater
- Climbing walls
- Kite rentals
- Mini golf
- Lazy river that converts to a skating trail in winter
- Coffee shop
- Ice cream stand
- Bocce Ball
- Games tables

Community activities could include:

- Food fairs
- Indoor Farmers' Market
- Craft/art fairs
- Music fairs
- Places to hang out in gardens or near pond
- Bike skills park
- Agility course with multiple activities
- Outside interactive music instruments that could be used year round
- Outdoor movies
- Ice shows
- Hockey and broom ball
- Gas fireplaces for people to hang out

One Commissioner asked if the amount of impervious surface for a skate ribbon would decrease green space. Mr. Maland stated that most people skate around the edge. If there is only a skate ring instead of a rink, more green space is created.

Councilmember Quigley noted that one-third of members of the Community Center are non-residents. New features will need to have broad appeal. He asked if SummerHouse has been considered. Mr. Simonson responded that staff has looked at traffic on Victoria and ways to get seniors from SummerHouse safely across the street to use the park. There is also discussion about visibility and possibly making the softball fields a passive green entryway.

Mayor Martin stated that most of what is being discussed is active activities, but there are five senior complexes within one-half mile of the Commons. It will be important to incorporate activities for seniors. She noted that skate rental might be a source of revenue. She expressed some concern about the space available for new features with the expansion of the Community Center.

Councilmember Wickstrom asked if there would be enough of a market for another skate trail as there already is one in Maple Grove. Mr. Maland responded that there certainly would be a market in this area. Mr. Schwerm stated that he is not convinced there would be significant

revenue from a skate trail because Shoreview does not have the nice retail services around the park that is available in Maple Grove.

Mr. Lemke stated that he would be willing to raise funds for a music plaza where there are interactive instruments, such as drums, xylophones that can be used. Even if there is more cost, he would like to see whatever is put in can be used year round.

Councilmember Johnson stated that she is not against a skate ribbon, but there are many types of groups that will use the park space. Available activities need to be broad. Her other concern is that cars would not drive in the park--pedestrians and bikers but not cars.

Councilmember Quigley asked if the splash pad and outdoor wading pool that has been discussed previously could be part of this development.

Councilmember Wickstrom stated that she could see the skate ribbon in summer being used for a landscaped wedding venue, walking trail, or seating area. The bench area needs to be made more comfortable. There needs to be a connection between the upper parking area and the park.

Mayor Martin asked if an amphitheater could be incorporated into winter sliding.

Councilmember Springhorn stated that the park should have a balance of activities. If there is too big a draw, there will be traffic and parking problems.

The ideas from this discussion will be analyzed. Stantec will come back with concept plans for consideration at an upcoming workshop meeting.

Mr. Schwerm urged Councilmembers to go online and look at the Central Park in Maple Grove. It shows how the different activities interact and gives a good overview. Their site is approximately 40 acres, similar to the Commons.

OTHER ISSUES

Councilmember Springhorn stated that the strategic planning session for Northeast Youth and Family Services is scheduled for Thursday, November 12, 2015. He asked if anyone has input to the three questions he has given to the Council.

Councilmember Wickstrom asked if some services could be changed to serve more people.

Councilmember Quigley stated that his grandchildren readily identified three problem areas: underage drinking, vaping, and social media and gaming. Economic education is needed similar to what is offered by Junior Achievement. *Penny Pinchers* was the closest NYFS came to economic education, but it was retail which is low paying. Economic education can lead to job training. Life goals could be explored in the area of Youth Development. He noted that School District No. 621 has a good system of helping youth to determine their own direction.

Councilmember Wickstrom commented that there are many drugs and artificial substances that need focus and education.

Mayor Martin added that it is important to address bullying. Also mental health issues could be addressed through the hoarding program and the cooperative work being done with Ramsey County agencies with that program.

Councilmember Johnson encouraged a review of programs available with a focus on three, not too many. There needs to be a focus on the youth who are succeeding and doing great things. Perhaps youth could be more involved in senior help programs.

The meeting adjourned.