

City of Farmington
430 Third Street
Farmington, MN 55024

Mission Statement
*Through teamwork and cooperation,
the City of Farmington provides quality
services that preserve our proud past and
foster a promising future.*

AGENDA
CITY COUNCIL WORKSHOP
July 27, 2011
3:30 P.M.

- 1. CALL TO ORDER**
- 2. APPROVE AGENDA**
- 3. DISCUSS 2012 BUDGET**
- 4. DISCUSS LICENSE CENTER**
- 5. ADJOURN**

PUBLIC INFORMATION STATEMENT

Council workshops are conducted as an informal work session, all discussions shall be considered fact-finding, hypothetical and unofficial critical thinking exercises, which do not reflect an official public position.

Council work session outcomes should not be construed by the attending public and/or reporting media as the articulation of a formal City policy position. Only official Council action normally taken at a regularly scheduled Council meeting should be considered as a formal expression of the City's position on any given matter.



City of Farmington

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TO: Mayor, Council Members

FROM: Kevin Schorzman, Interim City Administrator
Teresa Walters, Finance Director

SUBJECT: Changes since the July 5, 2011 Budget Work Session

DATE: July 27, 2011

INTRODUCTION:

At the July 5, 2011 Council Workshop, Council received a packet that included a list of all items added to the budget (broken down by department), a list of potential items to be added to the budget (discussed during the department work sessions), the General Fund summary, and a worksheet that allows council to see the impact of their decisions on the taxes and the average property owner.

UPDATE:

Since the last work session there have been some changes that may affect the budget.

1. The State reached a budget agreement on Tuesday evening.
 - a. Market Value Homestead Credit (MVHC) Reimbursement: The tax agreement includes a change to the way the MVHC is credited to property owners. The new method will provide homeowner relief by shifting taxes to all other property rather than covering the property tax credit reduction with a state paid credit reimbursement.

We spoke with the County regarding this new calculation. They are uncertain regarding how they are supposed to calculate this. They are also not sure about the impact on Cities.
 - b. Levy Limits
The new budget agreement unveiled on Tuesday does not include a levy limit extension.
2. The Fire Relief Association Pension: The Pension obligation for the Fire Relief Association has been calculated to be \$176,954.
3. Bond Refunding: At the July 18, 2011 Council meeting, Council approved the refunding of the 2003A bond. This could provide a potential savings of approximately \$13,000. The budget will be adjusted after the true savings is known.

4. Audit RFP: Also at the July 18, 2011 Council meeting, Council approved new auditors at a reduced cost. The savings is minimal to the General Fund since we will distribute the savings between the funds that share in the cost of the auditors.

BUDGET IMPACT: At this time there is no impact on the preliminary budget since there is uncertainty regarding the calculation of the MVHC, the State has not reviewed the Fire Relief Pension obligation and we do not have the final numbers on the bond refunding.

DESIRED OUTCOME:

We are requesting Council provide staff with a balanced Preliminary budget that includes budget priorities and a levy increase to be passed at the last meeting of August or the first meeting in September.

- b) Approve Updated License Center Application – Human Resources**
With the resignation of the City Administrator, the City needs to appoint a new Deputy Registrar to open the License Center. Staff recommended appointing Brenda Wendlandt, Human Resources Director as Deputy Registrar, and Randy Distad, Parks and Recreation Director as Operations Manager. Human Resources Director Wendlandt asked for Council authorization to resubmit the application to Driver and Vehicle Services.

Mayor Larson asked about the status of the bill in the legislature. Staff has not heard from the legislators and was waiting for approval of the bill before bringing this forward. With the status of the State government, staff does not know what will happen. Councilmember May would rather not act on this until the new City Administrator is in place. It will not hurt our chances for a License Center if we do not appoint a Deputy Registrar now. We should have this discussion with the new City Administrator. Interim City Administrator Schorzman explained the idea is to get to the point where we can sell the items we are allowed to through the original bill and should the new bill go through, we can add on to that. Councilmember May felt once the bill passes, we could appoint a Deputy Registrar. Mayor Larson stated we are allowed to sell everything except renew driver's licenses. When the bill passes, that would be added. Councilmember May understood we would not move forward until the bill passes. She felt she does not have all the information and clarified we want to appoint a Deputy Registrar to move forward with part of the business. Human Resources Director Wendlandt explained the other issue has been with Quick-Serv and they wanted to make sure the City was fully aware of the responsibility of running and managing the office. Submitting a new application verifies that. Councilmember May felt the new City Administrator should make this decision. The previous City Administrator held this position, so if the bill passes, the new City Administrator would hold this position. Staff explained if we want to open the License Center we have to have a Deputy Registrar. We can change it later with a new City Administrator. Once the application is submitted the DVS needs to approve it, an inspection needs to be done of the area, and obtain equipment. City Attorney Jamnik stated we cannot open until we receive approval from DVS. The question is whether DVS will approve this application. He has not had any conversations with them. The protocol is to file an application with DVS for a Deputy Registrar. If they approve it, we don't know what the turn around time will be with the status of the State. If they were to act before the end of June, parts of the operation could be open.

Interim City Administrator Schorzman explained the point of doing this now, is we were waiting during the normal legislative session for two bills; one in the House and one in the Senate that would allow us to offer full service. To not get in the way of the legislation the City chose not to apply until after the legislation was resolved. However, it is still sitting in committee and the legislature will go into special session. Staff was trying to get at the core services we could provide

with the original legislation while the driver's license piece is sorted out. To do that we need to appoint a Deputy Registrar because the former City Administrator was on the application. This was also to demonstrate the City's understanding that we are responsible for this operation. We are doing this now because the regular legislative session is over, we have not been able to communicate with our representatives, and we may have this legislation until next year.

Councilmember May stated what if it is denied; do we want to run half a business? What Council approved was a full service office. It sounds like we would open to do a few things and that is not what was agreed. She does not want to move forward until we have approval. Mayor Larson noted the original legislation says a full service office. City Attorney Jamnik stated the driver's license portion was denied based on the existing mileage limitation. Mayor Larson spoke with the DVS and the mileage issue is no longer an issue. The biggest concern was the DVS did not like the structure and wanted more City involvement. Councilmember May asked if we are going to wait until it is approved before moving forward with any type of operation. She felt we should wait because that is the mistake we made last time. Mayor Larson stated they could sell everything except driver's licenses. Councilmember Fogarty clarified the Mayor feels we have met all their concerns and even if the legislation does not go through we may be able to operate as a full License Center. Mayor Larson replied no, not unless the legislation goes through. Councilmember Fogarty stated if the mileage is not an issue anymore, and the structure is not an issue, what is the issue? Mayor Larson stated as far as the City, there were no issues the first time. Councilmember May asked the City Attorney, we approved Quick-Serv coming in so can we now tell them we don't want them to move forward until we have full approval from the legislature? They don't seem to be able to perform the functions that were approved before. She has no desire for an office that can only do a few things. Councilmember Donnelly asked why do we have to re-apply? Because we changed the Deputy Registrar? Do we have to re-apply every time we change the Deputy Registrar? Why do we think it will work this time? He doesn't want to repeat what happened last time. What assurances do we have that will not happen again? Human Resources Director Wendlandt stated we do not have any assurances. The purpose for reapplying was the State thought our application was not clear as far as us recognizing our responsibility for operating and managing the office because of our contract with Quick-Serv. We do need a City employee to be the Deputy Registrar, but that would be the sole reason for re-submitting the application. Councilmember Donnelly stated we had the City Administrator before. Staff clarified we had Quick-Serve managing the office; that is the difference. Councilmember Donnelly stated it still will not be a full service office.

Mayor Larson stated if it does get approved within the next couple months and then we re-apply are we looking at two months before the State gets back to us? Staff had no idea. Mayor Larson asked what Quick-Serv wants to do. They would like to open and provide service for license plates, tabs, registrations, and

titles. Councilmember May was not willing to approve this and wanted to wait for the new City Administrator if we are talking about assigning staff to different functions. Councilmember Donnelly asked if the legislation passes, do we have to re-submit the application again? Staff did not believe we need to re-submit. We would wait for the equipment and the camera for the driver's licenses. DVS does not have any cameras available at this time. Even if the legislation was approved, we would wait for the camera. **MOTION** by May, second by Donnelly to table this until the new City Administrator is hired unless we need to address it sooner. Voting for: Larson, Donnelly, May. Voting against: Bartholomay, Fogarty. **MOTION CARRIED.**

Costs for Additional Plans, Programs, and Personnel

Maintenance and Replacement of Equipment and Infrastructure:

		Priority	Include in 2012 Budget?	Total Additions
Create Equipment Replacement Fund	\$ 162,000	4	No	\$ -
Funds to Cover Trail Maintenance	\$ 15,000	2	Yes	\$ 15,000
Funds to Cover Park Redevelopment	\$ 25,000	8	No	\$ -
Funds to Cover Seal Coating	\$ 350,000	1	Yes	\$ 350,000
Funds to Cover Street Rehabilitation	\$ 600,000	3	No	\$ -
Funds to Cover Computer Equipment	\$ 20,000	7	No	\$ -
Funds to Cover Fire Equipment Replacement (air tanks, turnout gear, etc.)	\$ 30,000	5	No	\$ -
Funds to Cover Building Maintenance (Roof, garage door, flooring, paint)	\$ 20,000	6	No	\$ -

Additional Staffing:

Part-time staff (Finance)	\$ 25,000		Yes	\$ 25,000	
1 Full-time or 2 Part-time Admin. Staff	\$ 50,000		No	\$ -	New Administrator discussion

Deficit Reduction/Future Operation:

Funds to Eliminate Pool and RRC Deficit	\$ 155,000		No	\$ -	Develop plan
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Improvements to Buildings and Parks

Funds for Fuel Station and Salt Storage	\$ 250,000		No	\$ -	Marshall Lines discussion?
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Other Council Requests

Ice Arena Plan to reduce deficit & future use	\$ -		No	\$ -
	\$ -		No	\$ -
	\$ -		No	\$ -
	\$ -		No	\$ -
	\$ -		No	\$ -
	\$ -		No	\$ -
	\$ -		No	\$ -
	\$ -		No	\$ -

Other - funded by additional Fiscal Disparities (This has no impact on the Levy)

Funds Dedicated to Park Improvement	0%		No	0%
Funds to Eliminate EDA Deficit	100%		Yes	100%
Other	0%		No	0%
Any excess funds to any deficit	0%		No	0%

Total Additions to 2012 Budget:
Approximate Annual Tax Impact to Average (\$199,800) Home:

645,563
78.88

	<u>Budget Increases</u>	Amount	Explanation
1013	Elections	<u>\$ 19,798</u>	Election year
1010	Administration		
	Salary & Benefits	1,372	
	Dues	(900)	Admin Svc Director
	Training	(510)	Admin Svc Director
	Benefits	<u>\$ (38)</u>	
1015	City Hall		
	Salary & Benefits	3,465	
	Equipment Supplies	950	
	Building Supplies	650	
	Cleaning Supplies	(1,000)	
	Other supplies	500	
	Prof svcs (Cleaning)	(24,445)	
	Municipal Services	3,800	
	Electricity	12,250	
	Natural Gas	2,250	
	Equipment Maintenance	(10)	
	Building Maintenance	1,000	
	Total City Hall	<u>\$ (590)</u>	
1014	Communications	<u>\$ 200</u>	
1035	Community Development		
	Dues	500	Chamber directory
	Training	490	
	Program Expense	3,300	Moved Farmers Market
	Total Com Dev	<u>\$ 4,290</u>	
TOTAL ADMIN			<u>\$ 23,660</u>
1011	Human Resources		
	Salary & Benefits	2,515	
	Professional Services	3,500	City wide Training
	Data Processing	4,000	LOGIS HR Payroll
Total HR			<u>\$ 10,015</u>
Information Technology			
	Capital	35,700	
			<u>\$ 35,700</u>
1021	Finance		
	Salaries and Benefits	(14,136)	
	Promote Existing Staff	6,139	
	Overtime	(2,000)	
	Dues	25	
	Training	700	
	Misc	(100)	
	Training	<u>\$ (9,372)</u>	
1022	Risk Management		
	Insurance Premiums	<u>\$ 7,885</u>	
TOTAL FINANCE			<u>\$ (1,487)</u>

1051	Patrol Services		
	Salaries and Benefits	50,393	
	Supplies	3,500	
	Fuel	5,000	
	K-9	500	
	Dues	2,000	
	Officer Training	3,000	
	Radio Contractual Services	570	
	Total Patrol Services	\$ 64,963	
1052	Police Investigations		
	Salaries and Benefits	11,248	
	Equipment Supplies	1,170	
	Total Investigations	\$ 12,418	
TOTAL POLICE		\$	77,381

1060	Fire Dept		
	Salaries and Benefits	24,372	
	Fire Levy Pension	48,825	
	Equipment Supplies	792	Pager and radio batterie
	Other supplies	1,000	Nozzles
	Uniforms	2,900	turnout gear and uniform
	Professional Services	4,730	Annual pump testing
	Cell phones	(500)	
	Electric	1,500	
	Training & Mileage	(494)	
	Equipment Repair	265	
	Building Repair	250	
	Contractual services	225	
	Total Fire Dept	\$ 83,865	
1061	Fire Rescue Services		
	Other supplies	500	
	Equipment Supplies	500	
	Total Fire Rescue Svc	\$ 1,000	
TOTAL FIRE		\$	84,865

1030	Planning		Inadvertantly left out of last year's budget
	GIS Fees	17,200	
	Dues	125	
	Training	500	
	Total Planning	<u>\$ 17,825</u>	
1070	Engineering		
	Salaries & Benefits	6,833	
			Concrete and Aggregate Testing Equipment as discussed at workshop
	Survey - Engineering Supplies	4,300	
	Total Engineering	<u>\$ 11,133</u>	
1031	Building Inspections		
	Salaries & Benefits	<u>\$ (4,688)</u>	
1076	Natural Resources		
	Salaries & Benefits	92	
	Vehicle Maintenance	800	
	Training	200	
			Tree and Stump removal, Tree planting
	Professional Services	5,000	
	Total Natural Resources	<u>\$ 6,092</u>	
TOTAL ENGINEERING		\$	30,362

1072	Streets		
	Salaries & Benefits	(11,927)	
	Street Material	6,000	
	Building Supplies/Parts	500	
	Traffic Sign Replacement	1,000	
	Fuel	(2,000)	
	Uniforms	(100)	
	Professional Services	(4,155)	
	Municipal Services	200	
	Electric	5,000	
	Printing	(100)	
	Building Maintenance	550	
	Supplies	(30)	
	Total Streets	\$ (5,062)	
1073	Snow		
	Salaries & Benefits	(3,307)	
	Vehicle Supplies	5,000	
	Street Material	10,000	Sand, Salt
	Fuel	7,000	
	Repairs	750	
	Total Snow	\$ 19,443	

TOTAL MUNICIPAL SVCS	\$	14,381
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1090	Park Maintenance		
	Salaries and Benefits	11,614	
	Equipment Supplies	(330)	
	Vehicle Supplies	2,550	
	Building Supplies	600	
	Other supplies	4,253	
	Landscape Materials	(1,625)	
	Chemicals	2,950	
	Fuel	2,000	
	Uniforms	(550)	
	Prof svcs (Cleaning)	11,389	
	Cell phones	(55)	
	Electric	1,400	
	Dues and Subscriptions	(170)	
	Training	(860)	
	Mileage Reimbursement	600	
	Equipment Maintenance	2,200	
	Equipment Rental	3,600	
	Total Park Maintenance	\$ 39,566	

1094	Recreation Admin		
	Other supplies	900	Fuel
	Legal fees	(500)	
	Dues/ Subscriptions	118	
	Training	400	
	Mileage Reimbursement	(600)	
	Total Rec Admin	\$ 318	

1095	Recreation		
	Salaries & Benefits	610	
	Other supplies	400	
	Program Expense	52	
	Total Recreation	\$ 1,062	

TOTAL PARKS & RECREATION	\$	40,946
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Total Budget Changes	\$	280,123
IT Changes (Capital)		30,526
Total General Fund Budget Changes	\$	310,649