



Approved: October 10, 2016

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**CITY OF ARDEN HILLS, MINNESOTA  
SPECIAL CITY COUNCIL WORK SESSION  
SEPTEMBER 26, 2016  
6:00 P.M. - ARDEN HILLS CITY COUNCIL CHAMBERS**

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**CALL TO ORDER/ROLL CALL**

Pursuant to due call and notice thereof, Mayor Grant called to order the City Council Work Session meeting at 6:00 p.m.

**Present:** Mayor David Grant; Councilmembers Brenda Holden, Fran Holmes, Dave McClung (arrived at 6:32 p.m.) and Jonathan Wicklund

**Absent:** None

**Also present:** Interim City Administrator Sue Iverson; Interim Public Works Director/City Engineer Andy Brotzler; Finance Analyst Dave Perrault and City Clerk Julie Hanson

**1. AGENDA ITEMS**

**A. 2017 Budget**

**Interim City Administrator and Director of Finance and Administrative Services Iverson** reviewed the 2017 preliminary budget with the Council. She provided the Council with a recap on Ramsey County residential property values. She described how the budget would be impacted by the proposed staffing levels and appropriate salaries. The proposed increases within the budget were described along with the General Fund expenditures. She reported the proposed tax levy increase was 4.7% at this time. Further discussion ensued regarding the budget transfer that could occur to assist with balancing the budget.

**Councilmember Holmes** asked what the budget shortfall would be if a 4.7% levy increase were to be approved by the Council.

**Interim City Administrator and Director of Finance and Administrative Services Iverson** explained the budget shortfall would be \$238,324.

**Councilmember Holmes** understood the City had savings from 2015 in the General Fund that amounted to \$565,000 which could be used to cover the shortfall.

**Interim City Administrator and Director of Finance and Administrative Services Iverson** reported this was the case, but would not correct ongoing operating shortages.

**Councilmember Holden** asked if the City would have any additional savings in 2016.

**Interim City Administrator and Director of Finance and Administrative Services Iverson** anticipated the City would have additional savings due to reduced salaries.

**Councilmember Holden** understood these overages could be placed in the PIR fund.

**Interim City Administrator and Director of Finance and Administrative Services Iverson** stated this has been the practice of the Council. She cautioned the Council about depending on the PIR fund to balance the budget.

Further discussion ensued regarding the PIR Fund and budget transfers.

**Councilmember Wicklund** understood the City had \$565,000 in reserves that could be transferred to balance the budget. He believed the budget was very conservative and asked how staff felt about covering more of their own health care expenses.

**Interim City Administrator and Director of Finance and Administrative Services Iverson** discussed the comments she has received from staff regarding health care expenses and noted there were some bitter feelings about the past changes over the last two years.

**Councilmember Wicklund** asked how much the budget would be impacted by returning to the 50/50 split in the increase over the previous years' premium for the healthcare expenses.

**Interim City Administrator and Director of Finance and Administrative Services Iverson** stated this would not be a significant increase.

**Councilmember Wicklund** did not support the 60/40 split and believed this action would only deteriorate morale. He wanted to see the City take care of its employees. He commented he did not want to dip into reserves and stated he would therefore gravitate towards a 7.6% tax levy.

**Councilmember Holmes** agreed.

**Mayor Grant** did not support this high of an increase. He commented on the proposed budget increases noting he wanted the City to be cautious that costs were not being raised too high. He stated he could support a 4.7% tax levy increase and felt this was a balanced approach to the budget.

**Councilmember Holden** asked how long Interim City Administrator and Director of Finance and Administrative Services Iverson had been with the City.

**Interim City Administrator and Director of Finance and Administrative Services Iverson** reported she has been with the City for 10 years.

**Councilmember Holden** supported a PIR Fund transfer to balance the budget. She did not believe the City should be raising taxes when this fund was available to assist with buying the levy down.

**Councilmember McClung** stated he could not support a 7.6% tax levy. He hoped to have the levy amount closer to 4.7% with the hopes of reducing this amount between September and December.

**Councilmember Holmes** reported the City would have another \$226,000 in surplus for 2016 that should be going into the PIR Fund.

**Mayor Grant** commented that the City currently had a surplus of \$791,000.

**Interim City Administrator and Director of Finance and Administrative Services Iverson** stated the surplus was only available to the City because of salary savings and unforeseen increased permit fees.

**Councilmember McClung** did not believe the PIR Fund had to be returned to its original condition. He understood the City had a policy in place regarding the General Fund surplus to fund capital reserves. However, he supported a portion of the surplus being used to buy down a portion of the levy.

**Councilmember Holden** anticipated that the City had even more than \$791,000 in surplus given the fact the City did not complete a lot of road improvements and permit fees were higher than expected again in 2016. She discussed how the City had reduced its street improvement expenses for Thom Drive and Sandeen. She explained she could support a 4.7% tax levy increase at this time, but hoped this could be reduced prior to December.

**Interim City Administrator and Director of Finance and Administrative Services Iverson** stated it was not a good practice to use reserves to balance the budget. She wanted to make the Council aware of this and noted this practice could also affect the City's bond rating.

**Mayor Grant** did not believe this to be a concern for the Council noting this has not been a regular practice.

**Councilmember Holmes** did not believe the PIR Fund was artificially high. She understood the residents of Arden Hills wanted trails and believed the Council should be planning accordingly.

**Mayor Grant** supported trail projects being completed. He asked for final comments from the Council.

**Councilmember Wicklund** was of the opinion the tax levy should be approved at the 4.7% level and believed this amount could be reduced over the coming months.

## 2. COUNCIL COMMENTS AND STAFF UPDATES

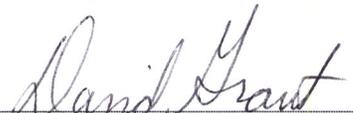
**Interim City Administrator and Director of Finance and Administrative Services Iverson** explained she had been approached by the City of Vadnais Heights noting they were in need of assistance with building inspection services. She reported this would be a temporary, three-week situation. She explained she spoke with Dave Scherbel about this scenario and had agreed, if he has time available. It was noted the time spent on inspections would be billed out to Vadnais Heights on an hourly basis.

**Councilmember Holden** requested staff provide the Council with a list of outstanding permits prior to this matter moving forward.

**ADJOURN**

Mayor Grant adjourned the City Council Work Session at 6:56 p.m.

  
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Julie Hanson  
City Clerk

  
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David Grant  
Mayor