

The meeting convened at 5:45 p.m.

Councilmembers present: Mayor Pro Tem Rachel Harris, Tim Brausen, Steve Hallfin, Anne Mavity, and Margaret Rog (arrived at 6:12 p.m.)

Councilmembers absent: Mayor Jake Spano and Thom Miller

Staff present: City Manager (Mr. Harmening), Deputy City Manager/Human Resources Director (Ms. Deno), CFO (Mr. Simon), Finance Manager (Mr. Ebensteiner), Senior Management Analyst (Ms. Carrillo Perez), and Recording Secretary (Ms. Pappas)

Guest: Dave Mol, Redpath and Co.

1. Comprehensive Annual Financial Report (CAFR) for year ended December 31, 2018 – auditors discussion and review

Mr. Ebensteiner, Finance Manager, introduced Mr. Mol, the auditor from Redpath.

Mr. Mol noted key financial points with the city council. He also stated after the council reviews the report for 2018, it will be submitted to the Office of the State Auditor as required and also submitted to the Government Finance Officer Association (GFOA) to be considered for the Achievement for Excellence in Financial Reporting certificate program for which the city of St. Louis Park has been recognized for 35 consecutive years.

Mr. Mol stated there were no items noted in the report on internal controls or the report on legal compliance, and added the results all stated there were no material financial statement adjustments identified during the audit. Mr. Mol stated the report will be presented at this evening's city council meeting.

Mr. Harmening recognized the work of Mr. Simon and the city accounting staff, along with all the department heads and their staff as well.

2. 2020 budget

Mr. Harmening noted the policy considerations for council to review. He asked for their comments and stated that staff is working on preparing budget recommendations for 2020. He stated staff would like the council to reaffirm the levy considerations and any major changes, programs, or policy considerations that should be deliberated as part of preparing the 2020 budget.

Mr. Harmening stated on July 22, staff will provide a preliminary overview and also have the police chief and fire chief present an overview of their departments related to the budget. He noted there will be proposed funding, programs, and actions related to the Climate Action Plan

(CAP), including the creation of a building and energy division, within the city inspections area, and staff hired to lead this area.

Councilmember Hallfin stated he appreciates staff's work on the CAP, at council's request, and he is fine with the levy being set at 4-6%. He asked if the levy will be closer to 6% in light of the CAP. Mr. Harmening stated staff is currently work on this and noted they will look at CAP staffing, programs, incentives, and a benchmarking ordinance.

Mr. Simon added with regard to the CAP, staff is planning to separate items out so council can review the exact dollar amounts and how it relates to the whole budget picture. Mr. Harmening added a 6% levy would be year over year, and if the city has value growth, that will increase the overall tax capacity which helps with funding of the CAP.

Councilmember Brausen stated he would be interested in hearing from the fire and police chiefs regarding allocation of resources, so the council can give intelligent explanations to tax payers on how the city is spending money. He stated he appreciates staff's work here and planning for city needs and priorities, adding he trusts staff to save and reallocate resources as appropriate.

Councilmember Mavity agreed it would be helpful to hear from police and fire to understand costs efficiencies, as the city continues to grow. She asked about community engagement and if the city is doing it right and being responsive. She stated she continues to feel they don't have a full picture of what this means, and asked if it would be helpful to hire outside consultants to review this and if there is a budget for that.

Councilmember Mavity stated every time there is a capital improvement project, there is an uproar from residents. She asked if staff and council need to relook at processes and utilize an outside consultant.

Councilmember Hallfin stated every time the council does something, even if it's on the comp plan, a few people will always be upset.

Councilmember Mavity stated she is concerned about folks who are saying they have never heard about a particular project, and staff and council need to reflect on this.

Mayor Pro Tem Harris pointed out that council needs to consider the idea of place-making or re-examining how sidewalk and bike projects are approached. Specifically looking at the city's approaches to implementing, considering new ways to engage the community to gain awareness and feedback, and working toward engaging folks in a different way, as a means toward a particular goal.

Mr. Harmening pointed out, however, there will never be 100% acceptance of all the projects the city does. He added as staff works on the budget, they will also consider and examine how to improve community engagement efforts.

Councilmember Brausen stated he doesn't mind spending time on best practices and outcomes, but noted the vast majority of residents are not engaged and don't want to be,

unless it's coming down their street. He stated he is fine with a consultant examining the city's processes to see if anything is missing.

Councilmember Mavity noted she would like to better understand the Connect the Park project in general, and budgeting, and why the project costs continue to increase. She also noted the city's website search engine continues to misdirect and has lost functionality, so she wants this upgrade to be included in the budget as well.

Councilmember Rog asked staff if they have interest in looking at outcome-based budgeting. She stated it would be worthwhile to look at over time as an alternative method of budgeting in the future.

Mr. Harmening stated if council would be interested, staff could bring this forward for discussion, related to the pros and cons of different types of budgeting methods.

Councilmember Mavity asked Councilmember Rog what is lacking with the current budget process, and what problem she is trying to solve. Councilmember Rog stated she does not understand where all the money is going, and if half of the city budget goes to public safety, what portion goes to strategic goals.

Councilmember Mavity noted at the end of each goal, there is alignment pointed out, and the focus of what is working to be achieved.

Councilmember Rog stated it is better this year, but she would still like to find a way to accomplish both lower tax burdens and ensuring the funds being collected are moving the city towards its goals. Councilmember Rog added this is not about accusing irresponsible spending, it's about understanding and talking about community satisfaction, and incomplete information that should be examined. Councilmember Rog noted she would like to also invite more feedback from residents into the budget process, adding it still feels like one-way communication.

Ms. Deno pointed out with Carver governance, which is what the city follows, it is the public, then the council, then the city manager. She pointed out this is why councilmembers are elected – to represent their constituents. She added the newest piece to this is a point of view that will generate a civilian point of view, generate more conversation, and looks at this more from the perspective of each household.

Councilmember Rog suggested staff continue to look for and identify revenue sources beyond the tax levy and make this a more robust process as to help funding of city projects.

Mayor Pro Tem Harris agreed about a new search engine on the website, and stated she is not sure of the impact of the levy on residences and asked if staff can provide more clear information. She added she is interested in a broad overview of both police and fire budgets, financial resources and staffing.

Mayor Pro Tem Harris asked for council's comments on the policy considerations.

Councilmember Hallfin stated he is fine with 4-6%, and would agree to go up to 8%, if needed. He stated the timetable is fine.

Councilmember Brausen agreed with Councilmember Hallfin.

Councilmember Rog stated she is more comfortable in the 4% range, and has concerns for homeowners and seniors. She added she is looking into grants related to sustainability, which would be beneficial to the city's CAP work being done.

Councilmember Mavity added the timetable is fine as is with the 4-6% range, noting she prefers the 4%. She added council needs clarity on what the choices are and will need to have policy conversations.

Mayor Pro Tem Harris stated the city budget reflects our community values and she would prefer to stay in the 4 to 6% range, given additions to collective commitment to CAP and reaching those goals. She stated there is a sense of urgency and the time is now to make robust additions to staff and programs, adding she is open to the higher end of that percentage. She asked how much in dollars the tax increase would be. Mr. Simon stated he will provide that information.

The meeting adjourned at 7:10 p.m.

Melissa Kennedy, City Clerk

Jake Spano, Mayor