

Executive summary

Title: 2020 Budget

Recommended action: No formal action required. This report is to assist with the study session discussion regarding the preparation of the 2020 budget. Staff requests input on the policy questions below to help inform the next budget discussion set for a special study session on September 3. The council will then be asked to set the 2020 preliminary property tax levy on September 16, 2019. This information is in a preliminary stage and any input from the council will be used by the city manager to make final recommendations on the preliminary levy.

Policy consideration:

- At this point in the overall budget process is the estimated required property tax levy increase of 6.00-6.25% within target levels for approving a preliminary property tax levy in September (these factors relate to staffing costs associated with council strategic priorities, growth in the demand for services, and debt service, among other items)?
- Does the city council agree with staff's recommendation on HRA levy allocation?
- Does the city council want staff to continue to study the TIF allocation dollars for potential additional affordable housing related and/or development activities?
- Is there other information that council would like to review during the upcoming process including any other service delivery change considerations?

Summary: Staff has started working on preparing budget recommendations for 2020. The city manager, department directors and staff are currently analyzing submitted budgets to ensure the strategic priorities and basic services are provided. Included in this report are some items of significance that are being considered. Staff will have estimates on the property tax implications for a median value home at the next budget discussion as we are awaiting data from the county to calculate the estimates.

Financial or budget considerations: Details regarding budget considerations are provided in this report.

Strategic priority consideration: All areas of the adopted strategic priorities are impacted by the city's budget.

Supporting documents: Discussion
Department overview summary sheets
Department org charts

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Reviewed by: Nancy Deno, Deputy City Manager/HR Director

Approved by: Tom Harmening, City Manager

Discussion

Background: The purpose of the discussion is to make sure staff and council have a plan in place based on our budget discussion on May 13, June 17th, July 22nd and the “systems thinking” approach. Staff has prepared the recommendations based on continued quality and timely delivery of core services in addition to continuing to support and align with the five strategic priorities and the key organizational cultural behaviors of *collaboration*, *quality* and *responsiveness*.

2020 budget preparation: The study session discussion is intended to be at the higher level to allow council to provide direction to staff on the proposed budget and preliminary levy. The City Manager and Chief Financial Officer will provide information and overview at this discussion and department directors will be present to assist with information as needed.

Below is the outline of the budget presentation and discussion for this study session:

1. Discussion on overall budget, department requests, and council requested items for staff to explore. Mainly general fund (primary operating fund).
2. 2020 preliminary property tax levy range discussion.
3. 2020 preliminary HRA levy discussion.
4. TIF allocation for housing and/or development activities.
5. Council questions, comments, expectations, and data requests for upcoming meetings, including the budget calendar.

Budget Communication: Staff plans to continue with many of the same successful outreach steps that were taken for the 2019 budget, including;

- Park Perspective, the city’s quarterly newsletter, will include a variety of articles about the 2020 budget. An example from the February 2019 Park Perspective is at <https://www.stlouispark.org/home/showdocument?id=13054>
- A number of social media posts (Facebook, Twitter, Nextdoor) on budget meetings including a video budget discussion and broadcast of the truth in taxation (TNT) public hearing. This includes a Facebook Live presentation this fall.
- Continued posting all budget materials and staff reports and additional materials if presented at a meeting (shortly after meeting) to allow residents to follow the budget process. <https://www.stlouispark.org/government/departments-divisions/finance/city-budget>
- A budget email address: budget@stlouispark.org is monitored year-round by finance, for questions, where timely responses can be sent, or data gathered and can be shared.

****New this year** the following communication tools will also be available:**

- Cleargov: A financial transparency tool so interested parties can review and look at financial and budget data for our city. We plan to start with the General fund and enterprise funds and plan to launch by Labor Day. You can see an example of this tool at: www.cleargov.com
- Informational video: We are finalizing a short video on the budget/tax process. Our goal is to have this on the air before the TNT hearing date. This has been done jointly between finance and assessing to help residents further understand property tax, levy and property values.

- Additional information in notices: If timing allows, this fall for the TNT notices we plan to put an insert in the mailing with some interesting facts to learn about the proposed 2020 budget for our city in an appealing and easy-to-understand format.

Legislative directives:

- There are no levy limits in place for 2020 at this time.
- Local Government Aid has been certified and St. Louis Park will receive \$267,271 in 2020, which is same as 2019. These dollars, as in past years, go into the Capital Replacement Fund and not the General Fund budget. As you recall, just two years ago we received \$566,591.

Staffing costs wages: Being an organization that delivers services, programs and projects etc., funds for staffing are the largest expenditure of the City's operating budget. In building the 2020 budget recommendations, a wage adjustment of 3% is being used as an assumption. Contracts for Local 49ers and sergeants are settled through December 31, 2020 (3% basic adjustment for 2019-20). In the fall of this year we will start negotiations with police, fire, and dispatch for their contracts that open year end.

PERA coordinated plan: Employee contribution of 6.50% of salary and employer contribution of 7.50% of salary in 2019 will remain the same at this point in 2020.

PERA police and fire: Employee contribution of 11.3% and employer contribution of 16.95% in 2019 will increase to 11.8% employee contribution and 17.70% employer contribution in 2020.

Benefits: For 2019, we solicited bids for health insurance as required by state statute and received a very favorable bid from our current health insurance provider (HealthPartners) for an aggregate decrease in premiums of 5%. This resulted in a lower employer contribution in 2019 based on the funding philosophy in place. We were also pleased to receive a rate guarantee for 2020 and 2021 not to exceed a 9% increase in premiums each year. This 3-year contract provides stability in rates and gives the city the ability to plan and budget for future years with more accuracy. With this, we have active claims experience and anticipate a 9% increase for 2020. We received a bid for dental insurance with no increase in rates for 2020. Staff also recommends continuing with the wellness program and keep the same amount for those that qualify for the wellness benefit at \$40 per employee per month (same level since 2014). These estimates are incorporated into the 2020 budget.

Operational costs: Staff is being asked to look at how operational costs have been changing and take into consideration market conditions, as well as planning ahead for operational needs. The focus areas relate to the strategic priorities and include, but are not limited to: environment, climate action plan work, elections, race equity, inclusion and outreach, trails and sidewalks, housing and business programs, transportation, ongoing redevelopment. Support and outreach activities continue in all areas including public safety, fire prevention, neighborhoods and housing. Energy costs will continue to be monitored closely given the potential for volatility in this sector of the economy and monitoring use as we continue to incorporate improvements in energy saving in our operations.

Summary of significant 2020 budget personnel requests:

The most significant requests received from departments in the 2020 budget relate to staffing. All requests are in the process of being reviewed by the city manager with each applicable department director.

In order to determine the final recommendations staff will continue to review business needs, strategic priorities, funding and continue to look at alternatives for service delivery with some requests and moving some requests to future year(s) for consideration. Below is the summary of staffing requests and funding recommendations currently. *Please note: For transparency, this report shows all the staffing requests made to the city manager. The city manager is still evaluating the need for some of the proposed positions and will provide a final recommendation to the council at a future meeting.*

Staffing requests included in the proposed 2020 budget at this time:

- Administrative Services – One additional Racial Equity Specialist - \$74,223 (full-time benefit earning) Administrative support for racial equity, inclusion and outreach activities. This position is entry level and is intended to help with the growing demands for administrative support, communication and connections for all areas of RE&I and outreach and would report to the Racial Equity & Inclusion Manager.
- Building and Energy - \$208,031 (2 full-time benefit earning staff added to support CAP work - Sustainability Manager and Sustainability Specialist) – The additional staffing in the area of sustainability and climate action plan (CAP) was discussed with Council on June 17th. Given the council’s strong interest in moving the climate action plan forward more aggressively, this staffing plan is being implemented in 2019 with interviews for the Sustainability Manager taking place at the time of writing this report. In addition to the new Sustainability Manager position and the existing Environment and Sustainability Coordinator position, a Sustainability Specialist position is proposed to focus on data, administrative support, outreach and education.
- Police – Public Safety Information Specialist, shift of an open position – savings of \$14,554 – (full-time benefit earning) – Position would provide additional support on several functions including data mining/analyzing of data to provide additional support to public safety areas. Due to a recent retirement, staff has shifted from rehiring a clerical position and is reallocating workload to be able to move forward.
- Police – Patrol Officer - \$94,039 – (1 - full-time benefit earning) – Additional support and assistance to staff working on programs and initiatives that provide a high level of service to the community. Request was made to backfill the sworn officer who was assigned to work on technology programs in PD. Continued analysis is needed on options for handling the technology work.
- Fire – overtime - \$67,000 – Increase is used to offset open shifts resulting from time off due to illness and injury, military leave, training, off duty call backs, community engagement, operational engagement and vacation coverage. Overtime expenses fund minimum staffing levels and staff development programs.

- Operations and Recreation – Naturalists - \$68,686 (full-time March 1st start date) – This staffing change was projected and planned more than a year ago as part of estimating the operational cost and revenue for the new Nature Center building. As part of the proforma for the new building it included moving a ¾ part-time position to full-time and a ½ part-time position to full-time to meet the demands and service levels of the new building including raptor care and additional programming. This results in a net increase of a ¾ time staff person.
- Building and Energy – One Public Service Worker - \$66,208 (full-time March 1st start date) – This staffing change was projected and planned more than a year ago as part of estimating the operational cost and revenue for the new Nature Center building. This position is needed for two reasons - to respond to the increased demands with the new building including facility management and customer service; and to provide improved facility management/service delivery for all other city buildings.
- Information Resources – One GIS Specialist - \$87,967 – (full-time benefit earning, and the cost of the intern has been removed from the IR budget to reflect this change in staffing) – Position would provide additional support and needs for the growing demands for GIS services. A GIS study was recently completed, and the city manager is reviewing the study recommendations, which includes creating this position.
- Various departments – Local 49er Trainee program - \$66,468 (temporary salaries, half of the total is funded by utility funds) – This program is to encourage prospective employees in under-represented populations to consider career professions and provide opportunities in parks maintenance, operations and utility functions (water, sewer, storm water) and allow for obtaining experience with operating various pieces of equipment.
- Engineering – Engineering Tech. This full-time position will replace the use of consultants to provide the same service at a lower cost and is net neutral as the revenue used to pay the consultant will be used to pay for this position. This position will help with a number of functions from construction observation to supporting work with SWLRT, municipal state-aid projects, and overall responsiveness on engineering needs and communications.

Staffing requests not included in the 2020 budget recommendations at this time:

- Dispatch Supervisor - \$100,803 (1 - full-time benefit earning) – Overall increase in call loads, phone calls and ancillary functions of the dispatchers. Staff is reviewing if position is funded would some offsetting savings to temporary and overtime be incurred. This request would change the full-time dispatch staffing from 1 lead and 7 dispatchers to 1 supervisor and 8 dispatchers.

Summary of significant 2020 budget non-personnel requests that are included:

- Administrative Services – Increased expenditures related to bringing in a consultant to conduct a community survey in 2020, estimate \$25,000, as last one was done in 2011. \$15,000 for continued Intercultural Development Inventory (IDI) and Multi Cultural

Organizational Development (MCOD) programs related to RE&I. A program of jobs in the park supporting RE&I and will be coordinated with human resources (\$16,000) is anticipated to provide opportunities for youth and under-represented individuals to get experience working in various city functions.

- Building and Energy (sustainability budget) – Total budget increase of \$538,510, the major items are as follows:
 - Starting July 2019, environment and sustainability was moved from Administrative services and combined with inspections and the department has been renamed. This was done to provide increased synergies in energy programs and CAP.
 - Personnel - \$327,410 (3 FTE's; 2 of these are new)
 - Professional Services - \$90,500 (communications/marketing, efficient building program, Municipal GHG inventory)
 - Discount Loans and rebates \$100,000 (Energy efficient upgrades small-med businesses and rental properties, support weatherization and increased HES for LMI housing)
 - Please note, the wind source credit program council approved \$98,000 is in the operating budget of the other divisions in the utilities budgets and not included in these amounts.
- Police – Details were reviewed on July 22nd, and in summary additional funding is for 50% of the salary of a Hennepin County social worker, and \$50,000 to have a consultant work with our city and Edina to assist with the design and implementation of a race data collection.
- Operations and Recreation – Operations – Additional \$30,000 for salt supplies. Due to the recent snow and ice season our inventories need to be replenished. Also, we are seeing a 18% increase in the cost of salt. Highway User Tax – maintenance allocation from the State of Minnesota is budgeted to increase \$30,000 to align with recent trends.
- Building and Energy -Inspections – Proposed licenses and permit revenue is projected to increase around 7% or roughly \$300,000 given some certainty of projects that will happen in 2020. The 10 West office building project is expected to pull a building permit in 2019. However, because the bulk of the cost to the city for inspection services will occur in 2020, it is proposed to defer some of the permit revenue to 2020. This is above and beyond the \$300,000 noted above.
- Operations and Recreation – Revenues are projected to increase overall in organized recreation, Westwood hills nature center, and recreation center budgets. On the expenditure side we are adjusting for the wind source program in the amount of \$25,000. Staff also adjusted various items for new community events, increased marketing for the new Westwood hills nature center building. Also, a \$15,000 increase in funding is proposed for Emerald Ash Borer prevention.

- Contingency – General Fund contingency is programmed at \$75,000, similar to 2019. These dollars are set aside and if needed, used for unplanned items that may come up in the budget year such as an unplanned expenditure or emergency type purchase.
- One-time items – Staff is preparing a list of one-time expenditures in 2020 budget that can potentially be moved to 2019 if the budget is projected to have enough funds to move them to 2019. These would be non-reoccurring/one-time items. Last year we moved up a few police items.

Franchise fees: In the past, council has directed staff to consider franchise fee adjustments every odd numbered year. As discussed, for the 2020 Budget, there will be no adjustment proposed. Once the new 10-year capital improvement plan projects for pavement management are analyzed we will determine if the fees are still appropriate, or if they need to be adjusted. The current 2019 monthly amount is \$5.50 per utility (gas and electric).

Fees, charges and other revenues: Staff will continue to review current fee data based on cost analyses and other communities. We will also be looking at our non-resident user fees compared to our resident rate before making recommendations for the 2020 fee schedules.

LRFMP (long range financial management plan): This document will be presented at future meetings with council to assist in setting property tax levies, debt management, fees, utility rates and budgets.

CIP (capital improvement plan): Staff is currently reviewing the ten-year CIP (2020-2029). This information has been programmed into the LRFMP and finance is analyzing the results to create long-term sustainability in funds and also looking at where changes in funding or expenditures/expenses need to occur for the city council and city manager to consider. The council will see a draft of the plan in September and again later in the fall.

Trends in valuations and possible property tax implications:

For the 2019 assessment, St. Louis Park's taxable market value increased by 8.5% with all the dominant property types increasing in value. Composition of the change is summarized as +7.4% for single-family homes, +6.5% for condos, +9.5% for townhomes, +11.4% for apartments, and the commercial-industrial sectors at +9.5%. As can be surmised by the above figures, there will be a slight shift of the property tax burden to commercial, condos, and apartment properties for the payable 2020 tax period. This shift will be mitigated somewhat when considering all taxing jurisdictions that make up the typical property tax bill. The board of equalization was held in April 2019 which is where values are discussed and considered.

2019 City Final Levy and 2020 City Preliminary Levy Range

A synopsis of prior year levy information and the 2020 Proposed Preliminary Levy Range is shown below:

1. The 2019 Preliminary levy was \$33,392,261, which was 5.18% more than 2018.
2. The 2019 Final levy was \$33,128,261 which was 4.35% more than 2018.
3. The preliminary 2020 budget requests came in at an amount that would require an approximate 10.4% levy increase over 2019. After review by the city manager and

working closely with department directors, the 2020 budget recommendations have been modified from original requests. At this point in time, the budgets which have been submitted along with debt service needs would require a 2020 preliminary property tax levy increase of approximately 6.00 to 6.25% more than the 2019 final levy (*preliminary levy once approved in September can be reduced but cannot be increased*). The levy will be discussed in further detail Monday night and at the September 3rd budget work session including the tax impacts to various value ranges in SLP. Information that will assist staff in preparing this data will be received from the county shortly. Unless directed otherwise by the council, we will continue to try and work toward the range of 4 to 6% between now and when we adopt a final budget in December.

	2019 Final Levy	2020 Proposed	\$ Change 2019 to 2020	% Change 2019 to 2020
TAX CAPACITY BASED TAX LEVY				
General Fund	\$ 26,880,004	\$ 27,917,100	\$ 1,037,096	3.86%
Environment and Sustainability (2)	-	538,510	538,510	#DIV/0!
Race Equity and Inclusion (2)	-	361,118	361,118	#DIV/0!
Park Improvement Fund	810,000	860,000	50,000	6.17%
Capital Replacement Fund	1,767,700	1,567,700	(200,000)	-11.31%
Debt Service-current (1)	3,420,557	3,799,093	378,536	11.07%
Employee Benefit Fund	150,000	150,000	-	0.00%
Housing Rehabilitation Fund (3)	100,000	-	(100,000)	-100.00%
TAX CAPACITY BASED TAX LEVIES	\$ 33,128,261	\$ 35,193,521	\$ 2,065,260	6.23%

1= Debt service levy changes for 2020 primarily due to the 2019A bonds issued for sidewalks/Trails/Fiber/SWLRT. The Nature Center portion starts next year.

2= Line items are part of the General Fund, separated so council can start seeing investment in strategic priorities.

3= See HRA levy discussion, but offset tax levy line item will allocation from HRA levy in 2020.

HRA property tax levy: Based on current and future infrastructure/housing needs, the HRA levy is recommended to be set at the maximum allowed of 0.0185% of estimated market value, which is consistent with previous years. The amount for 2020 is estimated at \$1,332,978. The HRA levy has been committed to pay back a loan from the development fund that helped cash flow the city's obligation for Highway 7 and Louisiana Avenue and is expected to be paid off in 2019. Staff has been looking at ideas that would have a long-term positive impact on both the property tax levy and housing related programs (see below). This should be considered in conjunction with the discussion on the TIF admin pooling.

HRA levy allocation discussion:

In the past (including 2019), the housing salaries in the housing rehab fund have been paid from the conduit bond fees (private activity revenue bond fees) we receive annually. These fees can be used by the city for *any* public purpose expenditure. The revenues from the HRA levy have statutory restrictions on their use. One use that is allowed is to pay the salaries of housing staff. As such, it is proposed that a portion of the HRA levy dollars be used to pay these salary costs and the commensurate available dollars from the conduit bond fees be used as a revenue to the general fund. This provides a new revenue source to the general fund and helps reduce the size of the property tax levy increase for 2020. In addition, using a portion of the HRA levy dollars for staff costs provides a strong and sustainable funding source into the future.

NOTE - the city has received a few housing improvement area (HIA) requests and some will be coming to council shortly for consideration. One homeowner's association application for financing assistance is in process for the South Cedar Trails project, which would rehab about 30 plus units. If approved, we would be using reserves from the housing rehab budget for the assistance which would be repaid with interest over 15-20 years. Below is an example of a 2020 budget for the HRA levy revenues based on the assumptions noted above.

	2019	2020 (Proposed)
HRA levy	\$ 1,234,601	\$ 1,332,978
Professional Services	\$ 15,000	\$ 15,000
Interfund Loan	\$ 1,219,601	
Housing staff salaries		\$ 272,248
Housing programs		\$ 400,000
HIA - loan (south cedar trails)		\$ 650,000
Net	\$ -	\$ (4,270)

TIF Admin:

As part of this year's budgeting process, the city's municipal advisor - *Ehlers* and staff will be presenting information regarding the potential capture of tax increment from the city's TIF districts to provide funding for affordable housing and other redevelopment activities.

Utility funds: In 2019, staff worked with *Ehlers* to do a comprehensive rate study, while it has gone well, staff will review the utility rates/structures for 2020 at the September 3rd budget meeting. In September/October, we will be issuing our 2019 General Obligation Revenue bonds for the 2019 and 2020 projects.

Other policy consideration: Funding options are continually reviewed by staff. One option that could be explored for future years is a local option sales tax. There are many considerations and information that would need to be reviewed and discussed prior to moving ahead with such an idea. We find that cities that have a local options sales tax use the funds to help fund a specific capital project, function or program. For SLP, perhaps revenue from such a tax could be used to advance our climate action plan efforts. If council is interested, additional information can be developed and discussed at a future study session.

Next steps: Following this discussion, city manager and staff will further refine budget data and recommendations to set the preliminary levy on September 16. Below is a summary of upcoming discussions:

- September 3 (Tues) High level 2020 Budget, Draft CIP, fees, utility rates discussion. This meeting will be more of a proposed preliminary levy discussion with direction provided to staff to prepare information for the September 16th meeting adopting preliminary levies.
- September 16 Council establishes 2019 preliminary property tax levy and HRA levy. (Levies can be reduced, but not increased for final property tax levies.)

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| October 7 | Review and discussion of 2020 budget, CIP, utility rates, public hearing – 1 st reading of fees and LRFMP. Directors or their designees in attendance as needed. |
| October 21 | 2 nd Reading of Fees, and adoption of 2020 Utility Rates |
| November 4 | (If necessary) Budget and CIP discussion prior to Truth in Taxation Public Hearing and budget presentation. 2 nd Reading of Fee on Consent. |
| November | Live Facebook chat on 2020 budget and CIP. |
| December 2 | Truth in Taxation Public Hearing and budget presentation |
| December 16 | Council adopts 2019 Revised Budget, 2020 Budgets, final tax levies (City and HRA), and 2020 - 2029 CIP. |

Administrative Services - 2019

The administrative services department staffing consists of 29 full time employees and a .7 part time employee in utility billing; positions are shown in the attached organizational chart. In 2019 there was a shift of Environment staff to Buildings and Energy. At the time of writing this report, we just completed hiring the 2 part time outreach staff to support RE & I activities in the organization.

The total operating budget for 2019 is \$4,450,185 in expenditures and \$302,250 in revenues. Summary of department operations/functions are as follows:

- general administration, city manager, council, boards and commissions, agenda, minutes, official records, legal and training/meeting expenses
- elections, RCV, contract and official records management, liquor licenses, data requests
- assessing, property records, board of equalization, homestead
- finance, budget, utility billing, audit, liability insurance, investments, accounts receivable/payable
- human resources, payroll, labor & employee relations, volunteer, wellness, benefits, workers compensation
- race equity inclusion and outreach, development and training, community connections, neighborhoods, employee resource groups, information and education

2020 requests: The preliminary proposal for Administrative Services Department for 2020 is \$4,746,733. This is an increase of \$296,548 over 2019. Increases are due to general wage and benefit costs, additional election activities and support including presidential primary and support in racial equity, inclusion and outreach along with items listed below.

Staffing 2020 recommendations to the city manager:

- \$74,222 one full time support staff position for racial equity, inclusion and outreach to assist with coordination, data, reports, communication, information and connections.
- \$31,000 apprentice program, new, supports RE&I opportunities
- \$16,000 jobs in the park, new program supporting RE&I in our seasonal employees
- \$8,899 finance intern

Overview of additional recommendations to the city manager:

- Elections: add presidential primary costs and additional costs for general election activities support including anticipated increase in early voting activity
- Meeting expense for council and outreach
- \$25,000 for community survey

Building and Energy - 2019

Following the organization transition from the Inspections department which occurred during mid-year, the department of Building and Energy will have 29 full time employees operating in four divisions as in illustrated in the attached organizational chart.

The total operating budget for 2019 is \$3,725,546 in expenditures and \$3,616,024 in revenues. Summary of department operations/functions are as follows:

- Construction Codes (Fee-for-service based)
 - Administration of the State Building Code for the city
 - Review of submitted plans and permit applications
 - Inspection of all new buildings and remodeling during construction
- Facilities
 - Daily maintenance, custodial, and operation of non-park city buildings
 - Develop CIP for building maintenance, remodeling, and construction
 - Improve energy efficiency and installation of renewable systems
- Property Maintenance and Licensing (fee-for-service based)
 - Issue annual business, contractor, and animal licenses
 - Inspect rental units, businesses, and buildings at time-of-sale
 - Maintaining property condition and complaint response
- Sustainability (previously part of administrative services)
 - Implement Climate Action Plan in community and organization
 - Provide education and outreach to businesses and home owners
 - Develop incentive programs to attain carbon neutrality

2020 requests: This preliminary proposed budget for 2020 is \$4,562,633. That is an increase of \$837,087. The increase can be attributed to adding the sustainability division \$538,510 and one public service worker in facilities. The other changes are general wage and benefit adjustments. Revenues are estimated to increase \$300,000 over last year as strong construction activity continues and as minor fee adjustments are proposed. Please note, in 2019 sustainability budget was \$274,019 and part of Adm Srv. Of this 2019 amount approximately \$60,000 was funded from solid waste. Sustainability moved to it's own division under this department and the final transition of use of funding off the solid waste fund will be done as solid waste program needs the funding for their operations.

Staffing 2020 recommendations to the city manager:

- One Facilities public service worker. New nature center will require added staffing resources to operate and maintain. Position will be utilized to accommodate expanded weekend events and provide seven day a week support to all other city buildings. Need for this position and cost was identified with council during the project discussion.

Overview of additional recommendations to the city manager:

- First year of new Sustainability division staffing and proposed programs being consolidated and identified as a general fund operating item.

Community Development – 2019

The Community Development Department is comprised of 17 full time employees and 1 intern. The attached organizational chart shows the reporting structure.

The total Community Development operating budget for 2019 is \$1,502,521 with revenues of \$809,000. When combined with Development, Housing Rehab, and CDBG funds, which we will review with the Long- Range Financial Management plan later this fall, the total is \$10,136,605 with revenues of \$7,476,050.

The Community Development Department includes the divisions of Housing, Planning & Zoning, and Economic Development. A summary of the operations/functions of each are as follows:

- Housing
 - Housing Authority
 - Federally-subsidized housing
 - § Public Housing
 - § Housing Choice Vouchers
 - Affordable housing preservation and development
 - Home improvement and assistance loan programs
 - Construction Management Plan for new construction and major remodels
- Planning & Zoning
 - Planning Commission
 - Board of Zoning Appeals
- Economic Development
 - Economic Development Authority
 - Development/Redevelopment facilitation
 - Small Business Assistance
 - Business Retention and Expansion

2020 Requests: The primary funding sources for the Community Development Department are the Development Fund, Housing Rehab Fund, CDBG (Federal Community Development Block Grant) and General Fund. Due to the various funding sources and requirements of each, the Community Development Department operates under four different budgets. The initial proposals for the 2020 budgets are as follows:

- Development Budget: \$6,019,386 for 2020
- Housing Rehab Budget: \$1,673,805 for 2020
- CDBG Budget: \$167,050 for 2020
- Community Development Budget: \$1,571,894 for 2020

These requests reflect an overall budget decrease of approximately \$700,000 which is expected as these funds change significantly year-to-year given the capital nature of the project and programs. More information will be presented this fall with the Long-Range Financial Management Plan.

Staffing 2020 recommendations to the city manager:

- Due to the increased demands and needs, the addition of a Senior Planner position
- Elimination of a Planner position*

*This results in a net-zero budget impact for 2020.

Engineering - 2019

The engineering department's staffing consists of 14 full time employees and 2 part time employees; positions are shown in the attached organizational chart.

The total operating budget for 2019 is \$570,377 in expenditures net of project reimbursements and \$140,000 in revenues. Summary of department operations/functions are as follows:

We facilitate the planning, design and construction of public infrastructure including:

- Capital improvement projects
 - Pavement management program
 - Bikeway, sidewalks and trails
 - Sanitary sewer, storm sewer, and water
- Right of way management
 - Right of way permits
 - Parking permits
 - Traffic requests and studies
- Stormwater management
 - Water quality
 - Flood planning
 - Erosion control permitting
- Policy guidance
 - Private development review
 - Advising on transit, such as southwest LRT and Metro Transit.
 - Records management

2020 requests: The preliminary proposal budget for 2020 net of project reimbursements is approximately \$561,251 or an overall decrease of approximately \$9,000.

Staffing 2020 recommendations to the city manager:

- one engineering technician II

Overview of additional recommendations to the city manager:

- The additional staff member will reduce the need for overtime, temporary employee salaries, and general professional services by \$38,000. These line items have been reduced to reflect this. 75% of the time will be charged out to projects.

Fire

The fire department is comprised of both fulltime and part time response staff. The attached organization chart shows the reporting structure and span of control for each group.

Of the 27 full-time/career staff in the department 21 work shifts regularly (the 2 Lieutenants who work days in the office can also work 24's if needed) and there are three shifts that work a rotating schedule. The part time staff which has currently 22 members, fills in as shift staff in a scheduled duty crew model, and are available for call backs during high demand.

The fire departments 2019 annual operating budget of \$4,813,078.00 is guided by the departments Strategic Plan which was developed in 2018 and defines the 4 divisions that focus on the departments day to day operations. Prevention and Education; Suppression and Emergency Response; Emergency Medical Services; and Emergency Management. Expenditures to support these priorities include \$4,276,884.00 in wages and benefits with the remaining \$536,194 directed at supporting and sustaining the day to day delivery of services.

Operations, programs and activities coordinated and lead by the Fire Department include:

- Fire Operations
 - Day to day shift operations and staffing
 - Prevention and education efforts
 - Training and Development
 - Community Health Management
 - Recruiting and retention
 - Overtime
 - Technology
- Outreach and Community Engagement
- Dispatch

The 2020 budget recommendations for all departments are currently being reviewed by staff and the city manager. More firm numbers will be presented at the August meeting on overall recommendations.

The initial proposal before any additional staffing requests for the 2020 budget is \$5,086,677.00. The proposed budget includes \$4,523,090 in wages and benefits for our current staffing level. The remaining \$563,587 of our budget is allocated to support our day to day operations, connection with community through education, inspection, safety and outreach activities and the recruiting, training and equipment that staff needs to be successful.

The fire department continues to review alternative staffing solutions to deliver service at the lowest most predictable cost. One significant challenge is the major impact that technology is having on department operations and the need to support that technology day to day as well as a set of eyes to evaluate business process and design. We are considering an outsource model to address that. Second is the increased overtime and how added career staff might help reduce the impact. The department has not submitted requests for additional staffing as we are piloting different concepts within the boundaries of our current operational budget. Lastly we continue to collaborate with the police department on how service deliveries impact our dispatch center and the appropriate resources for that work.

Information Resources - 2019

The information resources department's staffing consists of 14 full time employees and 2 part time employees; positions are shown in the attached organizational chart.

The total operating budget for 2019 is \$3,256,810 in expenditures, of which \$776,199 (Cable TV) is non-tax levy supported, and \$641,500 in Cable TV revenues.

Summary of department operations/functions are as follows:

- Information Technologies
- Geographic Information Systems (GIS)
- Communications & Marketing
- Social Media
- Graphic Design
- Park TV (non-tax levy and supported by cable tv franchise fees)
- City Hall Front Desk
- Fiber Optic Network

2020 requests: The preliminary proposed budget for 2020 is \$3,246,590, of which \$640,102 is non-tax levy supported (Cable TV), and \$562,500 in Cable TV revenues. The overall decrease is largely attributed to less capital outlay in the Cable TV fund for 2020. Other changes are wages and benefits adjustments.

Staffing 2020 recommendations to the city manager:

- eliminate GIS intern position (half-time)
- add GIS specialist position (full-time)

Overview of additional recommendations to the city manager:

- eliminate fiber optic infrastructure expansion program, creating \$500,000 in less bonding in which is tax levy supported savings now and in the future.
- project \$80,000 reduction in cable tv franchise fees
- add new video streaming service for Civic Channel 17 at \$8,000

Operations and Recreation - 2019

The Operations and Recreation department's staffing consists of 79 full time employees and 220-250 seasonal/part time employees; positions are shown in the attached organizational chart.

The total operating budget for 2019 is \$11m (General Fund) and \$26m (Enterprise Funds) in expenditures and \$3m (General Fund) and \$21m (Enterprise Funds) in revenues.

Summary of department operations/functions are as follows:

- Organized recreation
 - Recreation programs for youth and adults, special events, athletic leagues and camps.
 - Indoor and outdoor facilities, rental services and facility supervision.
 - Liaison to community youth athletic associations.
- Recreation Center
 - Outdoor aquatic park,
 - Two indoor ice arenas,
 - ROC and event space.
- Park maintenance
 - Maintaining and mowing parks and open spaces,
 - Outdoor skating rinks and picnic shelter facilities
 - Trails
 - Tree trimming
- Natural resources and environment
 - Forestry oversight (planning, inspection, prevention and treatment of trees)
 - Weed inspection
 - Managing natural resources.
- Vehicle maintenance
 - Maintains, repairs and manages city vehicles for 187 vehicles, 53 off road and special equipment (i.e trailers)and 160 smaller equipment (i.e. plows and bobcat attachments)
- Westwood Hills Nature Center
 - Environmental education and natural history programming.
- Operations
 - Providing safe, functional streets including snow plowing and pavement maintenance.
 - Oversees six special service districts.
- Utilities
 - Oversight of water, sanitary sewer, storm water, solid waste and the Reilly Tar & Chemical Corp. Superfund site.
- Solid waste
 - Collection, disposal, organics, and recycling of residential solid waste.

2020 requests: The preliminary proposed 2020 budget estimates \$11.7m (General Fund) and \$23m (Enterprise Funds) in expenditures and \$3.4m (General Fund) and \$23m (Enterprise Funds) in revenues. The difference in enterprise funds is typically filled with bonding since capital outlay can change from year to year.

Staffing 2020 recommendations to the city manager:

- Westwood Hills Nature Center
 - .75 FT increase to for program development association with the new building
- Aquatic Park/Organized Rec
 - Seasonal salary increase for minimum wage and trends.

Overview of additional recommendations to the city manager:

- Organized Rec. increase \$10,000 for Access to Fun (fee assistance program) for equity for all patrons
- Organized Rec. increase in programming revenue and facility rentals
- Rec. Center increase in Aquatic Park membership fees, Rec. Center facility rentals and program registrations

Police

The police department's staffing consists of 72 full time employees and 8 part time employees; positions are shown in the attached organizational chart. The department also connects with and supports a police reserve unit consisting of 15 volunteers that assist as needed.

The total operating budget for 2019 is \$10,335,497 in expenditures and \$1,023,821 in revenues. The overview of operations, programs and activities coordinated and lead by the Police Department include:

- General operations and community policing
 - Day to day patrol operations staffing
 - Special assignments
 - Records, data and support operations
 - Recruiting and training,
 - Overtime
 - Equipment and Fleet
- Outreach
- Dispatch

The 2020 budget recommendations for all departments are currently being reviewed by staff and the city manager. More firm numbers will be presented at the August meeting on overall recommendations.

The initial preliminary proposal before any additional 2020 staffing requests is \$10,946,127. This proposed budget includes \$9,888,668 in wages and benefits for the current staffing level. The remaining \$1,057,459 of the budget is allocated to support day to day operations, community policing philosophy, community outreach activities, dispatch center and the recruiting, training and equipment that staff needs to be successful.

A few highlights of the 2020 requested budget includes recommending to the city manager the addition of:

- one police officer
- dispatch supervisor
- public safety information specialist

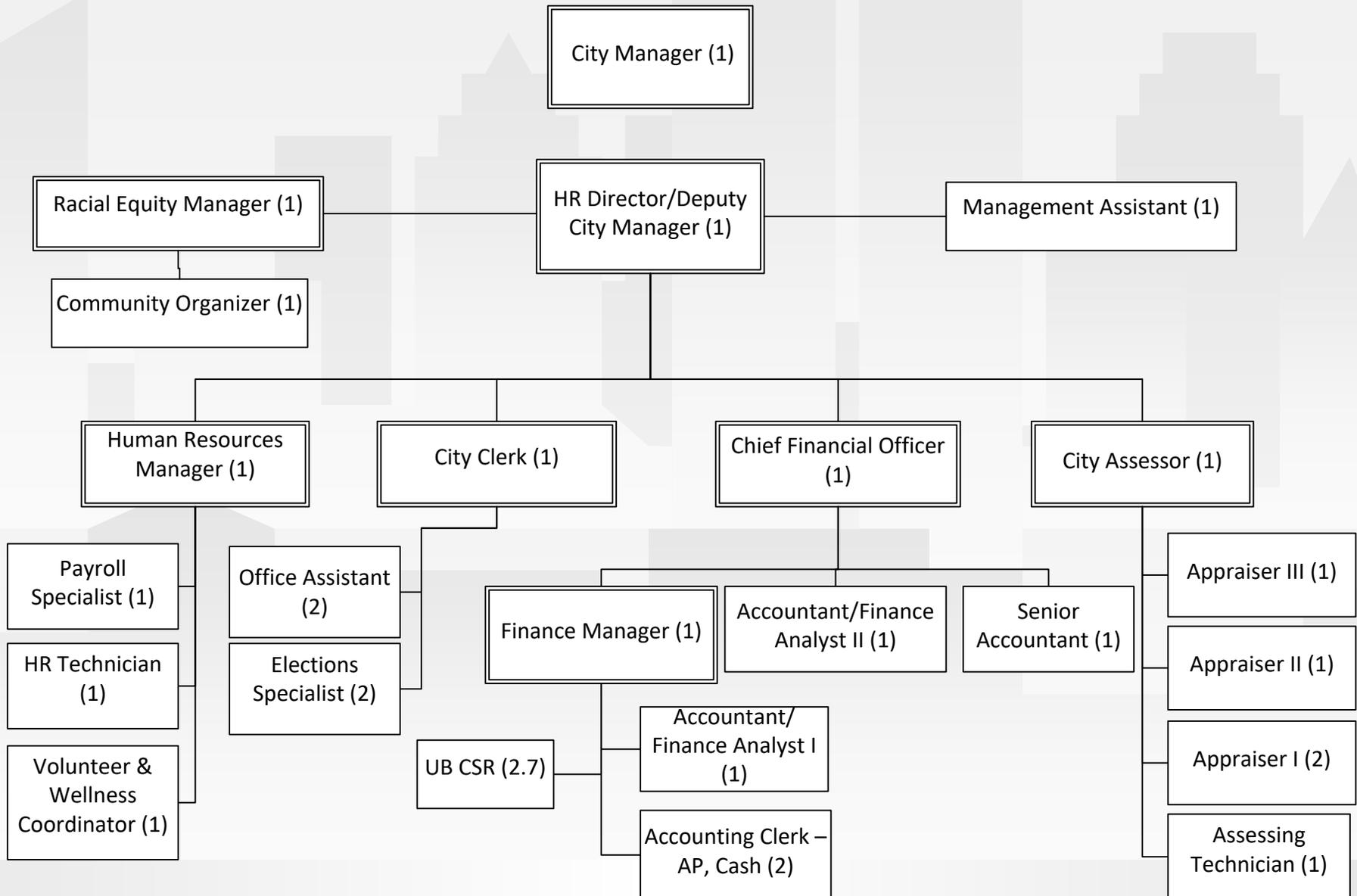
Please Note: all 2020 staffing requests for this and other budgets are under review by the city manager. A final recommendation from the city manager will be made at a later date.

Additional budgetary requests include:

- the cost of 50% of the salary for a Hennepin County Licensed Social Worker to assist with the response to mental health issues in our community
- 30% share of the cost for the existing Hennepin County JCPP Liaison
- \$21,000 for Employee Wellness to provide mental health check in's for all of PD staff
- \$50,000 to hire a consultant to assist with the design and implementation of race data collection on traffic stops

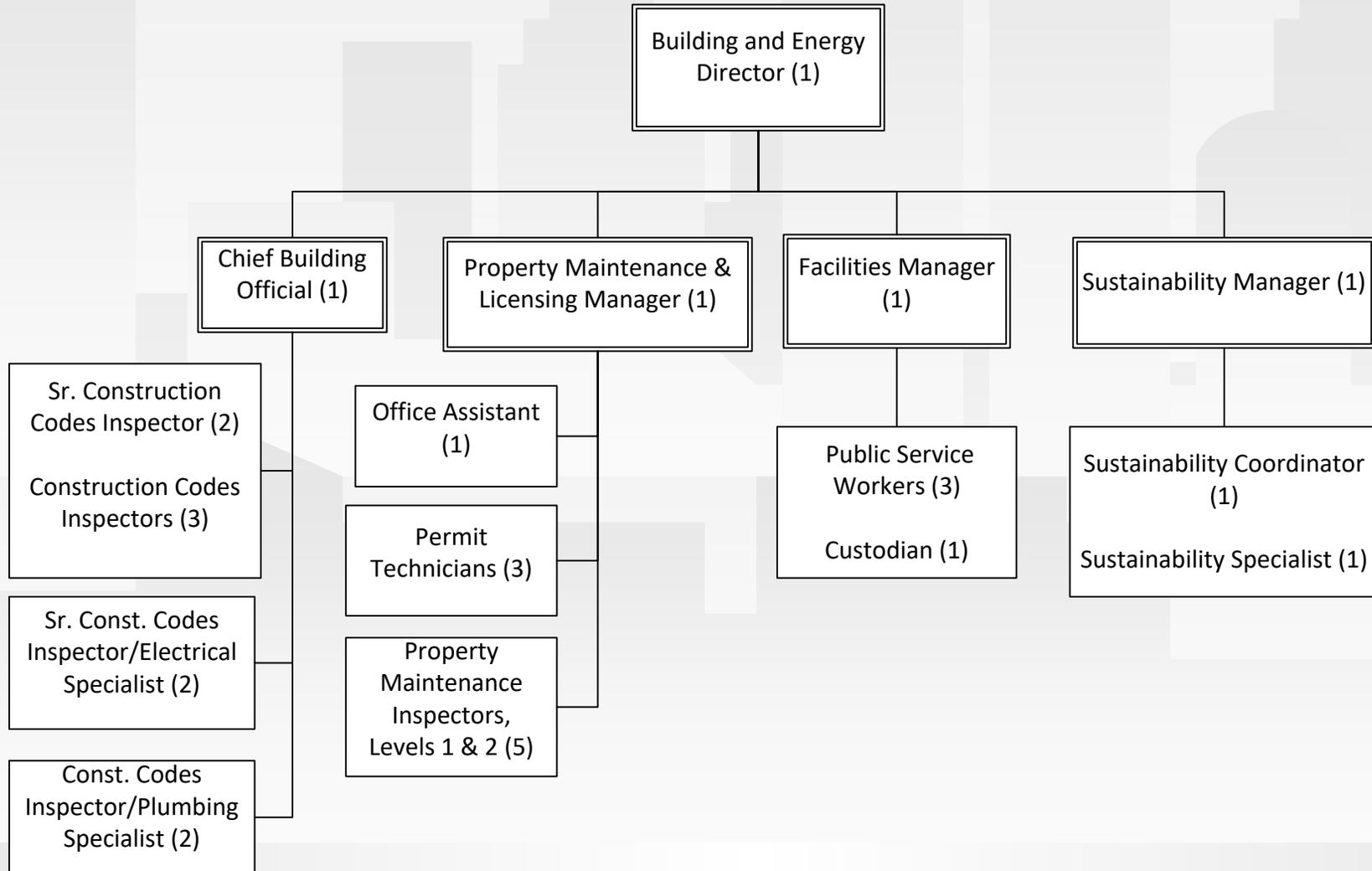
Administrative Services – 30 people (29.7 FTE)

2019



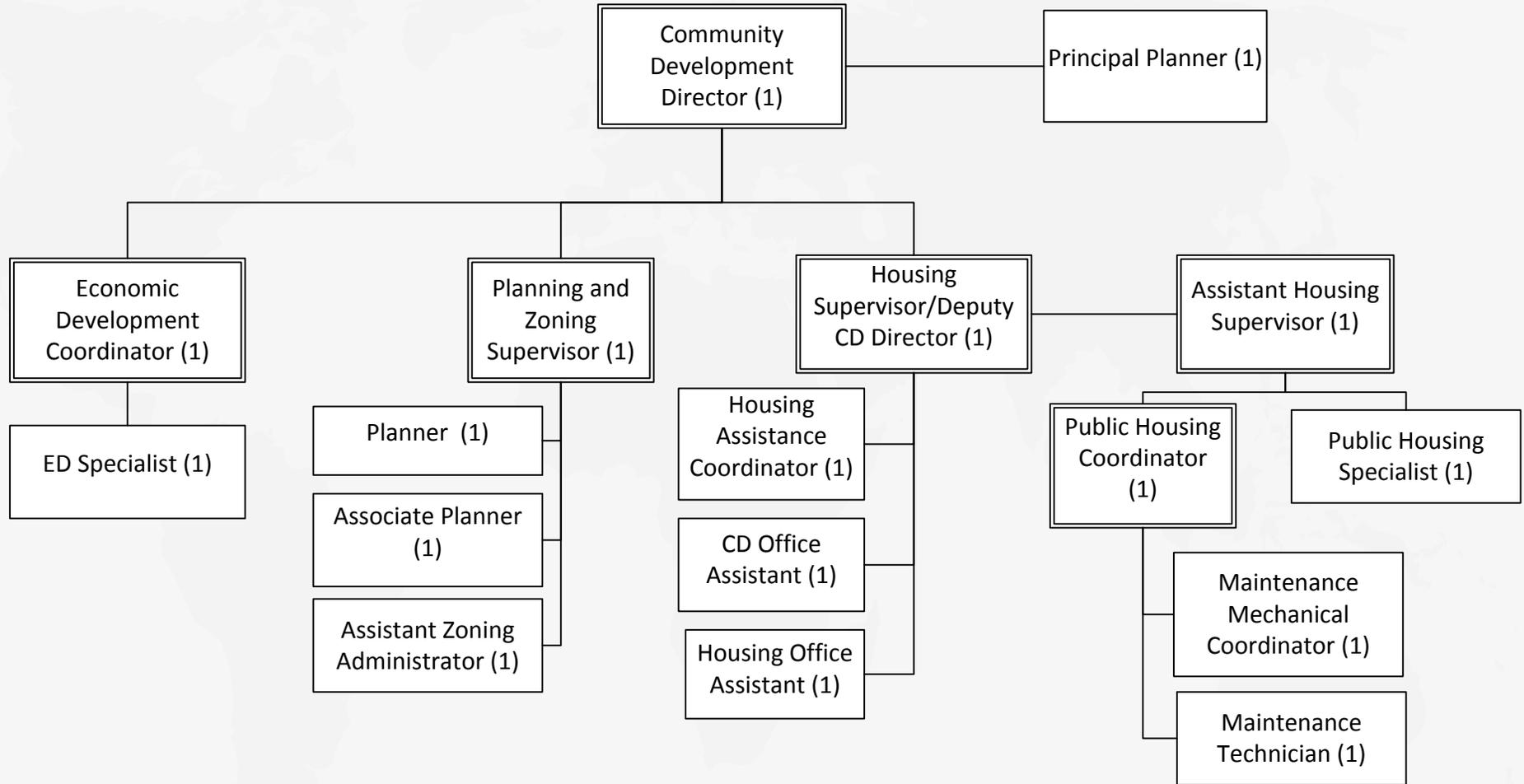
Building and Energy – 29 people/FTE

JUNE 19, 2019



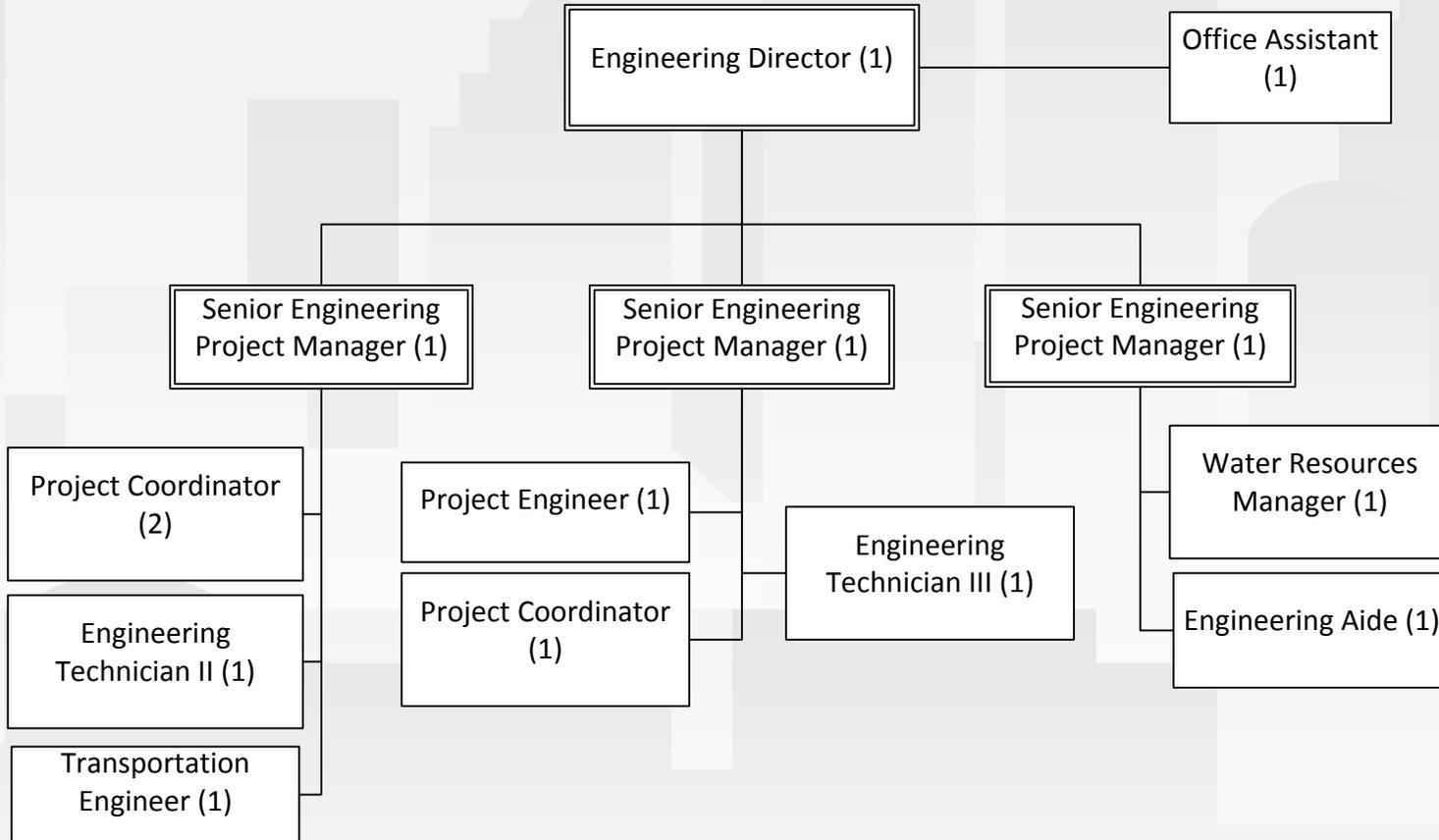
Community Development – 17 people/FTE

2019



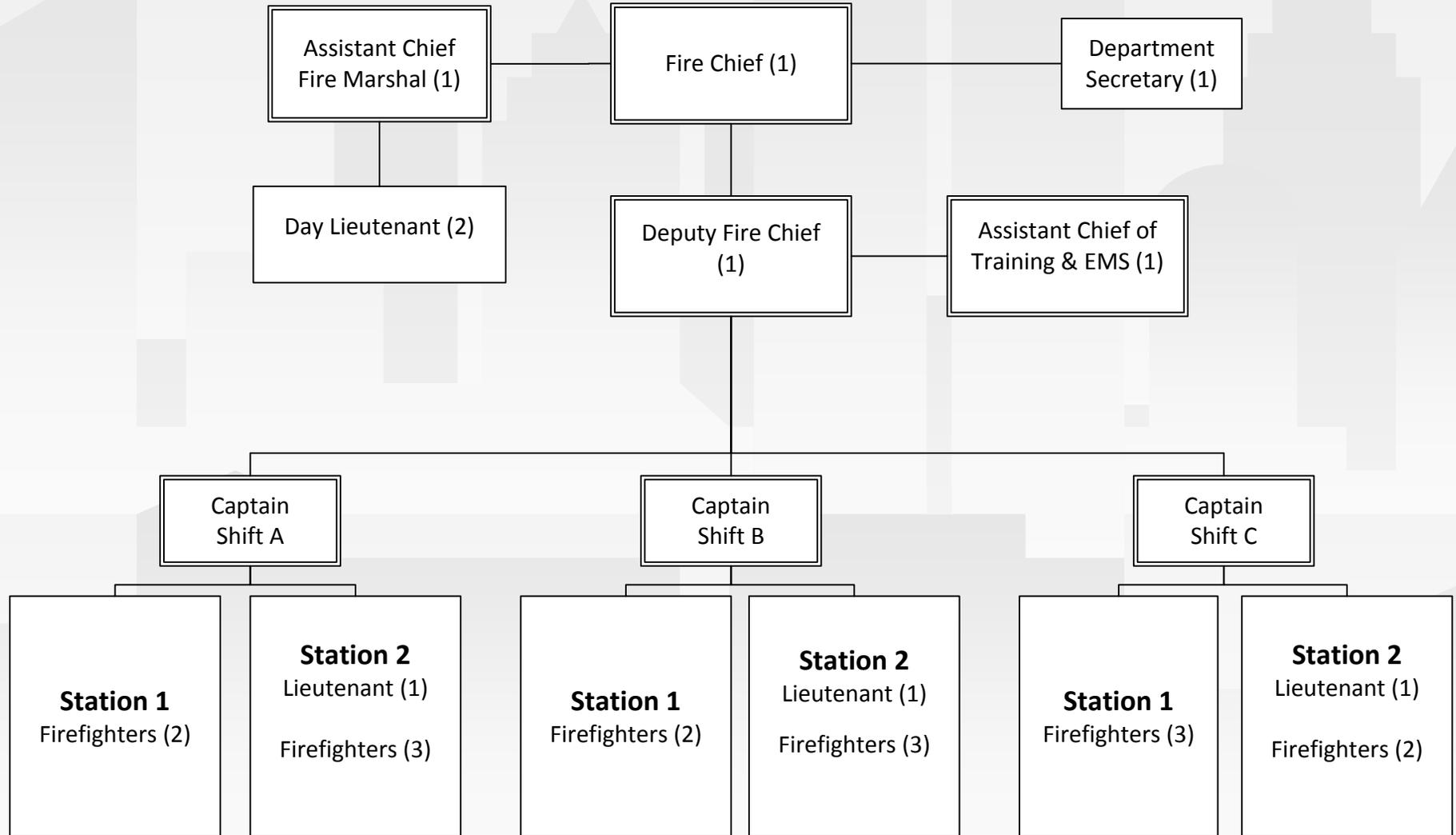
Engineering – 14 people/FTE

2019



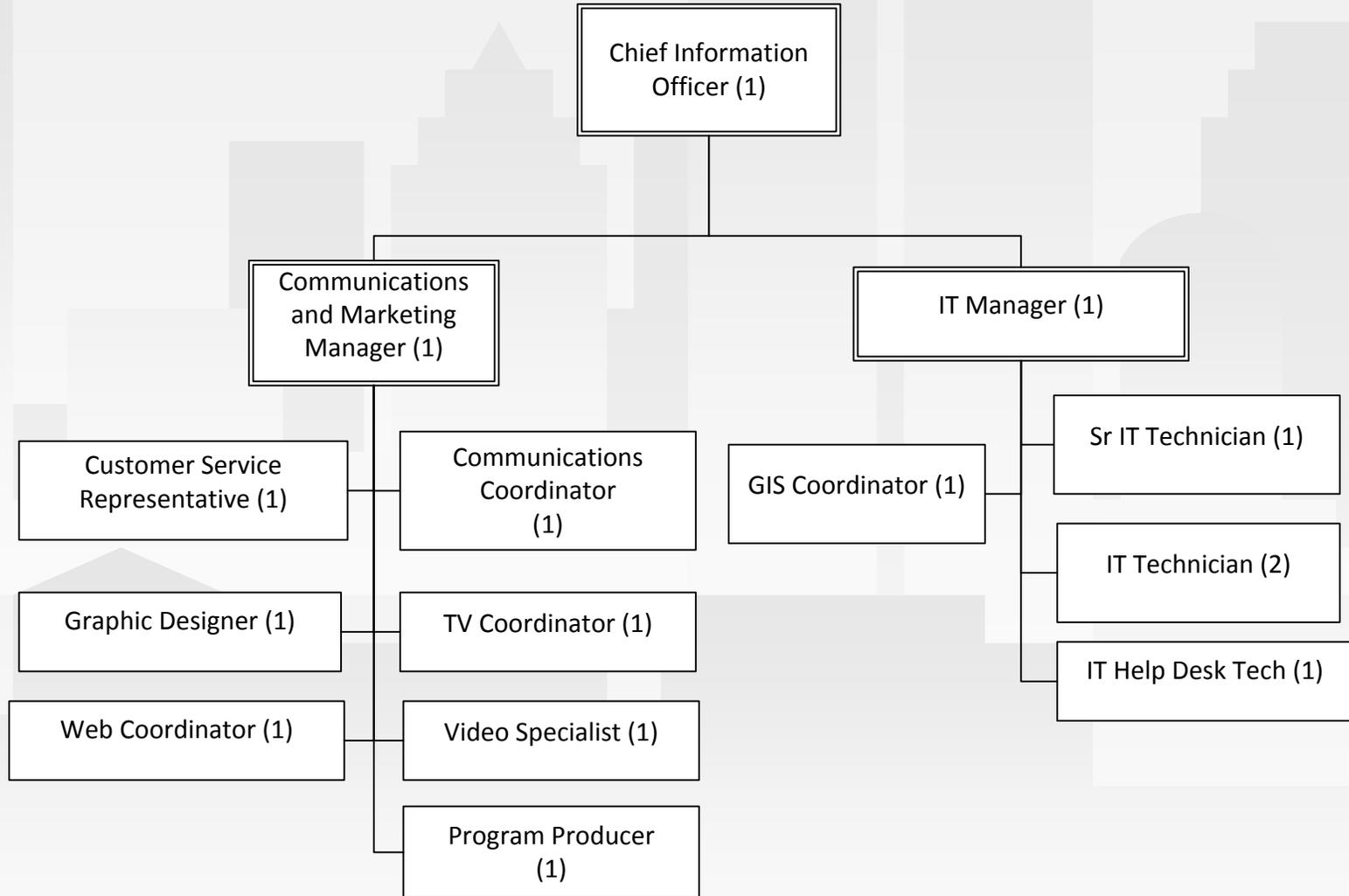
Fire – 28 people/FTE

2019



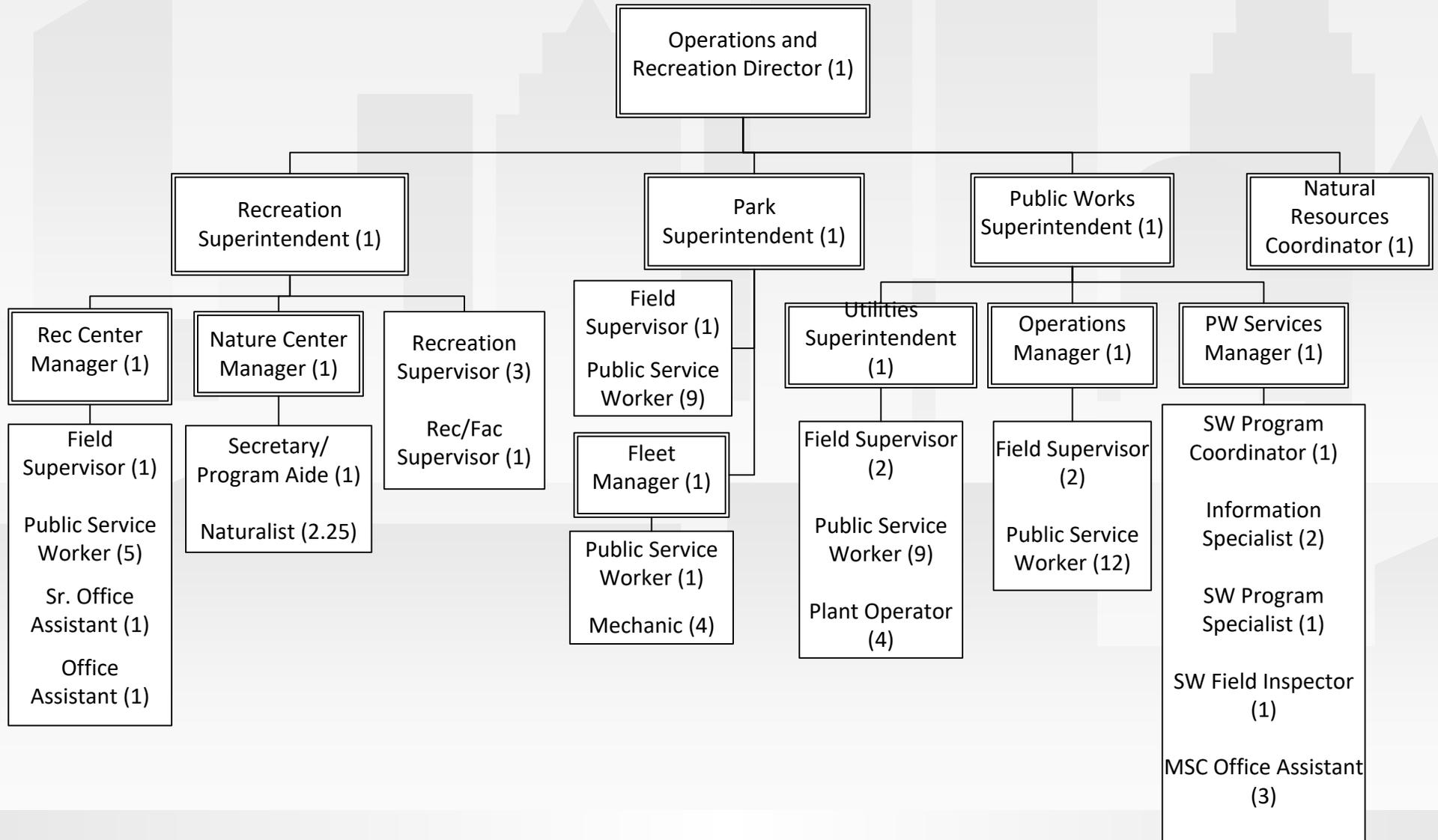
Information Resources – 15 people FTE

2019



Operations and Recreation – 79 people (78.25 FTE)

2019



Police – 72 people/FTE

57 max sworn
2019

