

The Council agreed with the suggestion of Mayor Strommen to next consider Case 2.03.

2.03: Amend City Funds Policy and Excess Revenue Transfer Policy

Finance Director Lund reviewed the staff report and recommendation to update the City Funds Ordinance that outlines the respective sources and uses for each fund currently utilized and to amend the Excess Revenue Policy by removing Park Maintenance Fund and replacing it with Park Improvement Fund. She explained this is coming forward to clean up the funds, some that were depleted, and to address the Charitable Gambling Fund and its use.

Finance Director Lund referenced Pages 3 and 4, Lawful Charitable Fund, and suggested additions to Subsection (c) (2) and (4). She stated this language still narrows the scope to park related activities, youth, and certain police services.

Councilmember Riley questioned the wording of Subsections (1) and (2) indicating: '...provided that such facilities and activities do not discriminate on the basis of a gender...'

Mayor Strommen asked if language that is more inclusive should be added beyond gender discrimination to include other factors.

Finance Director Lund stated this is language from the past policy but it can be revised.

Councilmember Riley suggested removing that wording.

Finance Director Lund stated she will also renumber the formatting.

Councilmember Johns asked if Subsection (4) is only one option or if the contribution has to be to a 501(C) (3) corporation.

Finance Director Lund explained it does not have to be a 501(c) (3) corporation and those other organizations would be included in Subsections (5) and (6).

Councilmember Kuzma stated the Ramsey Foundation goes to the same groups each year to raise funds for the concerts at The Draw and asked if something can be added to cover staff time towards those events. He is concerned about what would happen should the Foundation default.

Mayor Strommen stated the Ramsey Foundation is a 501(C) (3) so it would be covered under this language.

Finance Director Lund referenced Pages 9 and 10 relating to the Park Improvement Fund and explained how it can be used for capital items but not for maintenance since the source of the funds is developers. She explained that in 2003, the City was placed under levy limits and the market value credit and LGA were taken away so franchise fees were instituted. Then there were additional park costs without a way to fund those costs so the Park Maintenance Fund (reflected on Pages 12 and 14) was created. At that point, it was determined this Fund was needed to put dollars towards park maintenance. Finance Director Lund explained that because

of upcoming capital needs, she would ask whether excess revenues should go to the Park Improvement Fund and General Fund monies should go to the Park Maintenance Fund. Or, whether the Park Maintenance Fund should be eliminated.

Mayor Strommen stated she and David Elvig served on the Council when the Park Maintenance Fund was created, noting it was ironic that the Park Maintenance Fund was created to address long-term financial stability yet the staff report tonight indicated the reason to eliminate that Fund was to address long-term financial stability. Mayor Strommen stated she had invited former Councilmember Elvig to attend tonight's Work Session to review the past discussion and determination to create that Fund in 2004.

David Elvig, 18026 Ute Street NW, explained it was a different time when the City was able to draw in a lot of funds, a group was developing parks, and there was money in the pool. But then the issue of maintenance was raised and how it could be paid for. At that point, staff was asked to provide information on what the parks would cost to maintain long-term. Mr. Elvig stated in addition, Anoka had parks that had been developed for years but came to a situation of having to consider whether to sell parkland or close the parks because they had no new park revenue or maintenance dollars. He stated in Ramsey, some funds were running at 4.5% to 6% so the Council considered that if an endowment could be created, revenue could be generated to pay for park maintenance on a yearly basis. Ramsey was receiving additional dollars because of development so the Council identified 10% for this park maintenance use. He noted it is a similar situation with the roads that the City constructed and now needs funds to maintain and reconstruct. Mr. Elvig stated it may not be totally effective and in need of tweaking but it is important to have a maintenance concept.

Mayor Strommen stated the circumstances have vastly changed since this was put into place but it is still important to assure the City can maintain what it builds. She reviewed the options that could be considered.

City Administrator Ulrich supported having a cap on the annual expenditure or percentage the fund will be spent down in any one year or to designate 'x' amount of dollars. He stated this Fund grows slowly and cannot be relied on for maintenance or it will not last very long so he recommended placing restrictions on use of the Fund.

Finance Director Lund suggested a cap of \$500,000 instead of \$3 million as that probably cannot be achieved. She reviewed the dollar amounts that had been transferred into this fund from excess revenue.

Mayor Strommen asked if the proposal is to leave the Excess Revenue Policy in place so funds would continue to come into the Park Maintenance Fund.

Finance Director Lund answered in the affirmative.

Mr. Elvig stated several years ago the City held a lot of pooled funds, which the State encouraged the City to spend down, and then the 'crunch' hit so it was good the City had those funds because those dollars were vital for four to five years during the economic downturn.

Councilmember Kuzma supported retaining the Park Maintenance Fund and keeping it as a reserve.

Councilmember Johns stated she appreciates the benefit of consolidating funds but agrees it is nice to have this 'safety net' because in lean years those funds would be available to make a needed repair. She supported the language revisions as suggested by Finance Director Lund.

Councilmember Shryock agreed and noted lean times may hit and there are always opportunities that come up. She noted the City is developing a State and regional draw to its parks so having such a fund available will benefit the community in multiple ways.

Councilmember Williams questioned how many times there will be a situation where these funds would be used for large capital improvements that would not allow the use of another fund for parks or where placing restrictions on this Fund may be the only source available.

City Administrator Ulrich stated it is fairly unlikely the City could not identify another source but this would be a likely source to use for a building repair or an unbudgeted item. He stated some repairs can be budgeted in a subsequent year but there could be an unbudgeted emergency repair that is needed. He supported using the Park Maintenance Fund for extraordinary purposes and not capital maintenance, with a focus on keeping buildings, facilities, and equipment in good shape so they last.

Finance Director Lund stated this Fund was used to refurbish three tennis courts as the bid came in much higher than budgeted.

Mayor Strommen noted the more things the City builds, the more maintenance dollars will be needed. She supported looking at this not only for today but also long-term to assure maintenance and operation funds are available.

Parks and Assistant Public Works Superintendent Riverblood suggested the Council direct staff to finalize the language. He stated he thinks it would be problematic to set a cap at \$500,000 because the City has looming future maintenance demands. Parks and Assistant Public Works Superintendent Riverblood stated next week the Public Works Committee will be considering an agenda item relative to the Trail Maintenance Policy, a similar situation to street maintenance.

Councilmember Williams agreed the City is building beautiful parks and recreational systems and as part of that, it is essential to plan for maintenance in the future. However, if this Fund is to capture all that future maintenance, then she did not support creating a small fund for special uses. Instead, she preferred to address all maintenance needs and determine how to manage those facilities in a broader sense.

Mr. Elvig stated residents highly use trails so they need to be maintained. Originally, he had advocated to capture 30-40% of excess revenue into the Park Maintenance Fund to be sure the City's facilities are maintained. Mr. Elvig stated that is what drove the notion to hold those extra dollars to address long-term park maintenance needs.

Mayor Strommen stated there is Council consensus to retain the Park Maintenance Fund with an open issue as to the level of the cap. She felt a larger discussion was needed on the use of this Fund as well as the larger consideration of funding overall maintenance. Mayor Strommen suggested those topics be scheduled for a future discussion.

Councilmember Johns noted this involves development dollars so at some point, when you get to build out, those funds will slow down or not be coming in. She agreed the Park Maintenance Fund cannot support full park maintenance cost.

Mayor Strommen asked if there are any funds that can be used should there be an issue with the landfill.

Finance Director Lund referenced Page 10, noting the Landfill Trust Fund is still available and has a balance of about \$2 million.

Mayor Strommen left the meeting at 6:52 p.m.

Councilmember Riley asked what kind of expenditure the City could ever have with the landfill.

Finance Director Lund explained that the Statute of Limitations is past for a resident to bring an action against the City so there is no reason to retain that balance for landfill use. More recently, the fund was used to keep the bus service going prior to the rail station.

The consensus of the Council was to continue discussion of the City Funds Ordinance and Excess Revenue Policy at a future Work Session.

2.02: Consideration of Scope and Timing of Sunwood Drive Roundabout Landscaping Project

This Case will be scheduled for a future Work Session.

2.03: Amend City Funds Policy and Excess Revenue Transfer Policy

This Case was considered following Case 2.01.

3. TOPICS FOR FUTURE DISCUSSION

Noted.

4. MAYOR / COUNCIL / STAFF INPUT

None