

Maple Grove City Council Work Session

Meeting Minutes

August 16, 2021

Call to Order

Pursuant to call and notice thereof, a City Council Work Session was held at 5:30 p.m. on Monday, August 16, 2021 at the Maple Grove Government Center/Public Safety Facility, Council Chambers, Hennepin County, Minnesota. Present was Mayor Steffenson and Councilmembers Karen Jaeger, Judy Hanson and Kristy Barnett. Attending remotely was Councilmember Phil Leith. Present also was City Administrator Heidi Nelson, Chief of Police Eric Werner, Public Works Director/City Engineer Ken Ashfeld, Finance Director Greg Sticha, Community and Economic Director Joe Hogeboom, and HR Director Denise Thul.

Mayor Steffenson called the meeting to order at 5:30 p.m.

2022 Budget Discussion

City Administrator Heidi Nelson stated there were several items remaining from the August 2, 2021, budget work session for discussion.

Prosecution Services

Staff noted that at the previous budget work session, staff discussed three options for city prosecution services to include hiring in-house prosecution, soliciting proposals for prosecution services via an RFP, or maintaining the current city prosecutor contract. Council consensus was to include the costs associated with in-house prosecution in the 2022 preliminary levy.

Discussion of Federal ARP Funding and Non-Profit Assistance

Staff stated that in May of this year, the city received \$5.1M in federal funding for COVID-related community impacts. The federal funding must be spent in one of five general categories. The category that will give the City Council the most flexibility in the use of these dollars would be for proven revenue losses in years 2020 and beyond. Based on preliminary calculations, staff believes the entire \$5.1M in funds can be submitted towards 2020 revenue losses. Staff also discussed recent funding requests from non-profits and directed staff to survey each of the organizations regarding the impacts of the pandemic on their operations.

Total Budget & Levy Picture

Staff explained the city is required to set a preliminary tax levy and submit to Hennepin County by September 30th. Staff provided preliminary information on a possible tax levy and the impact of that levy on homes in Maple Grove. Staff noted that a resolution adopting the preliminary tax levy will have to be adopted no later than the September 20th City Council meeting; noting the intent to bring the preliminary levy forward for consideration at the September 7th regular meeting. The rules remain the same that the final adopted levy cannot exceed the preliminary levy. The Council can lower the proposed property tax levy at the budget hearing in December, but cannot increase it.

Date of Budget Hearing

Staff stated that the budget (truth in taxation) hearing will be held on December 6, 2021. The final budget would be adopted at the meeting of December 20, 2021. The city must certify the tax levy by the end of December with Hennepin County.

Proposed Revenues/Expenditures

The main source of revenue for the General Fund is the tax levy, which is proposed to increase \$1,155,400 or 3% for 2022. Budgeted license and permit revenues were kept flat as compared to budget year 2021.

General Fund Expenditures are proposed to increase by \$1,150,400 or 2.68%. These items were reviewed with the City Council in terms of the impacts to the budget:

- Removal of Storm Water Expenses from General fund of \$850,000
- Three new FTE's proposed in Admin, HR and Police departments
- Elimination of 1.25 FTE in Engineering and IT
- Contingency contains \$450,000 for PT/Seasonal wages, compensation study implementation costs and in-house prosecution services.
- \$260,000 included for work comp adjustments

Preliminary Tax Levy and Impact on Homes

Staff reviewed three levy scenarios and the impact each would have on the average home. Staff recommended a preliminary levy to allow for the most flexibility between setting the preliminary levy in September and the final levy in December. That proposed levy would result in an increase of 3% to \$39,276,600. Council consensus was to proceed with the 3% levy increase which will be brought forward to the September 7th regular meeting for consideration.

Adjournment

The meeting was adjourned by Mayor Steffenson at 7:18 p.m.

Respectfully submitted,

Heidi Nelson
City Administrator