

Ramsey County Charter Commission  
Monday, November 4, 2013

The Ramsey County Charter Commission meeting, held at the Association of Minnesota Counties Building, 125 Charles Avenue, St. Paul, was called to order at 7:05 p.m. by Chair Bob Benke, with the following members present:

	<u>Members present:</u>	<u>Members Absent:</u>
District 1:		Joe Murphy (excused) Richard Sonterre (excused)
District 2:	Bob Benke	Tammy Pust (excused)
District 3:	Randy Gustafson	Eric Haugee (excused)
District 4:	Peter Hendricks	Theresa Nix (excused)
District 5:	Brian Joyce Wendy Underwood	
District 6:	Robert Humphrey Russell Miller	
District 7:	Robert Bruton	Marvin Koppen (excused)
At Large:	Emily Samsel Beverly Apilkowski Fred Perez	

Also present: Commissioner Victoria Reinhardt, District 7, Chair of the Budget Committee  
Julie Kleinschmidt, Ramsey County Manager  
Lee Mehrkens, County Chief Financial Officer  
Kyle Thomas, Director, Civil Division, County Attorney's Office  
Jeff Stephenson, Assistant County Attorney  
Bonnie Jackelen, County Manager's Office  
Megan Haugen, Elections Office

Approval of the November 4, 2013 agenda

Humphrey moved, seconded by Apilkowski, to approve the November 4, 2013 agenda.  
Approved unanimously.

Minutes adoption of May 6, 2013

Bruton moved, seconded by Hendricks, to approve the minutes of May 6, 2013.  
Approved unanimously.

Citizen Comments/Input

No citizens were present for comments or input.

Old business

None

### New business

Presentation and review of the proposed County budget, one of the responsibilities of the Charter Commission.

Commissioner Reinhardt gave an introduction to the County budgeting process. She thanked the Commission for the invitation to come and speak on the budget. She stated that she was open for questions during or after her presentation. Commissioner Reinhardt has been the Chair of the Budget Committee for a number of years. She is proud of the fact that for the 13th year in a row, the county received a AAA bond rating; this saves taxpayers millions of dollars. It also means that Ramsey County has a higher bond rating than the State of Minnesota and the US Government, and is not something that is easy to achieve. Ramsey County also received the top three GFOA awards, which are national awards. Commissioner Reinhardt stated that this reflects how Ramsey County does the overall budgeting process.

Commissioner Reinhardt stated that Ramsey is one of the few counties with a two-year budget. This is due to the budget process in the state legislature. They set their budget for a two-year cycle, even if the fiscal year is different than the counties, and gives the county a feel for what will be happening. As a result, for the first year, the County includes what the legislature decides. In the second year, the County revisits the budget based on changes made in the second year. The County does outcome-based budgeting, which uses critical success indicators, so that outcomes can be measured. If something is not working, it is changed. In the second year, the County delves into measurements and reacts to what the legislature does.

Commissioner Reinhardt reported that 0% is the proposed levy increase for 2014 and 2015. The proposed maximum levy was certified in September, which means that the county cannot go up from there, but could go down.

Many counties do not start the budgeting process until around early November. Ramsey County begins in the summer and holds budget hearings with each department, and two public hearings.

The proposed budget increase is \$14.5 million in 2014 and an additional \$7.6 million in 2015.

Ms. Kleinschmidt echoed what Commissioner Reinhardt stated, and thanked the Commission for inviting her to attend this meeting. She stated that the headline of this budget is a 0% levy increase in each of two years.

Commissioner Reinhardt stated that this was possible because for the first time in many years, the state legislature took back some of the mandates that were forced on local governments. This got the County back to funding that was provided in 2006. State legislative action had an impact on the budget.

Ms. Kleinschmidt stated that prior to being appointed County Manager, she was the Ramsey County Finance Director; Lee Mehrkens is the current Finance Director. There is a great deal of combined experience. Since 2003, the County has experienced many

unanticipated cuts from the state and federal government. For counties, different than for cities, in addition to cutting local funding. The counties deliver services on behalf of the state, including human services and public health, and they tell the local governments how to do it, and give out the money to do it. The County has suffered austerity fatigue, which forces the county to be creative, prioritize, move aggressively, and budget for results.

Ms. Kleinschmidt pointed out page 4 of the PowerPoint, which is of the board's budget goals. These are set early in the year. This past year, the county added a new goal: "Cultivate economic prosperity and combat concentrated areas of financial poverty." The County Board has had discussions on how to stop simply bailing out the boat, and how to start plugging the holes. This includes an increase in economic development, and how to align efforts to attract as much private money as possible. The budget is based on the County's goals, as explained on page 5.

Ms. Kleinschmidt stated that Ramsey County is one of 53 counties to earn the AAA credit rating, and is the top 1.7%. It reflects the County's ability to provide continuity, reliability, and stability for programs. Businesses want to know that there is predictability with services.

Ms. Kleinschmidt stated that on page 7 the good news and challenges are discussed. Context is always provided to the Board. For the first time, the federal funding, state aid, and county program revenues are increasing. As a result, spending will go up, despite the 0% levy increase. The philosophy of the County Board is that they don't believe in base budgets, gimmicks, accounting shifts. The Board pushed hard on service delivery improvements that are based on evidence, not on opinion, which takes work. There are also reductions in the budget (on page 8). Some things were reallocated depending on outcomes.

Ms. Kleinschmidt believes that this budget continues the strategy of government efficiency, economic growth, public safety and human services. This budget is contained in two massive volumes, more than 1,000 pages. She highlighted a few examples of proposed investments. The process of budgeting starts with each department presenting their budget, then directing staff to make changes to their budget, and finally December 17<sup>th</sup> is the adoption of the final budget and final levy. Ms. Kleinschmidt introduced Mr. Mehrkens, who will discuss the top reasons to be excited about service improvements in the 2014 budget.

Mr. Mehrkens has been with Ramsey County over 4.5 years, and other organizations before that, and has become a budget geek. He believes different budgets have different pressures. The story for previous budgets was revenue reductions, attributed to the great recession. The County is entering into a different period, which includes some ability to include additional revenues, from the federal government, the state, and the programs. The County uses performance metrics to decide how to allocate funding, in order to improve services. The County Board will take final action on the budget on December 17<sup>th</sup>, which will include the 0% levy increase. It was hard to find a period in history when a 0% levy increase was offered. Not only is the levy held steady, but services will be improved.

Mr. Mehrkens presented items of the budget for Ramsey County taxpayers to be excited about, including:

- Improving CAD (Computer Aided Dispatch) system, which will improve response time for emergency responders for all communities in Ramsey County
- Adding an additional Sheriff's Deputy to improve crime scene processing
- Adding a medical technician in the Medical Examiner's Office
- Hold debt service levy level, but there is sufficient debt service for other capital improvements
- Expansions to the White Bear Lake and Shoreview libraries
- \$3.8 million annually to improve roads and to reduce the backlog of road construction
- Expanding child protection services in County Attorney's office
- Increased runaway intervention services funding, rather than relying on grants
- Foster care and custodial care funding increase
- Increased funding for home lead-hazard mitigation
- Increased funding for teen pregnancy assistance and for home visit nurses
- Funding for a veterans assistant
- Better mental health services.
- Better medical assistance to inmates at law enforcement center.

Ms. Kleinschmidt added that the County Board looked at administrative structure to preserve front-line services, and determined that the first cuts would be in administration, and also determined a larger investment needs to be made in technology infrastructure. Many institutions are open 24/7. Ms. Kleinschmidt referenced page 16, which contains a pie chart which shows the County investments.

Perez asked how this compares to other counties.

Ms. Kleinschmidt said it is comparable to other counties in terms of order of magnitude.

Underwood asked where the wheelage tax is applied.

Ms Kleinschmidt stated that the new wheelage tax will be applied under transportation, recreation, and culture.

Underwood noticed that on the out years, the overall budget is going down, even with the addition of the wheelage tax.

Ms. Kleinschmidt responded that there is a mix of capital and operating dollars, and this only looks in operating.

Mr. Mehrkens stated that he would like to check on the question of the wheelage tax, and why that area decreased from \$39.6 million to \$31.4 million, but believes it is because of capital dollars.

Humphrey thanked the County for frugality, but said he would be willing to pay for more heat in hockey arenas, considering he is a hockey parent. He asked how Keller golf course is doing.

Commissioner Reinhardt stated that the golf course is still bringing in more than they are spending, but with debt services it is pretty close to a wash. She explained that the County is investing in its infrastructure and making sure that it lasts for another 100 years. This is similar to the renovations of the libraries. The community was also concerned that it be kept usable. She stated that the historical value is tremendous, and that you cannot just build new buildings. The history of Keller is very interesting, and it is not meant to be a big money maker, but is an important investment.

Humphrey thinks that one of the reasons that Phalen is failing is because it has not had many investments.

Commissioner Reinhardt said in the first public hearing, Keller was one of the biggest issues.

Benke stated that the University's Bolstad golf course is in a similar situation, and now they are operating out of another clubhouse.

Commissioner Reinhardt said that another thing the County did, regarding capitol investment, is that the County spends what they can afford. The infrastructure was really failing, including a public works facility that couldn't house computers because of leaky roofs. There were other facilities with leaky roofs. The Board has tried to keep projects steady and take care of these problems.

Ms. Kleinschmidt discussed the Capital Improvement Program Citizen's Advisory Committee (CIPCAC), and that the Board did two things when they looked at the infrastructure. They said that when they build a building, they will manage upkeep. To do so, they charged the departments rent, and that the rent is built into the budget. The rent helps with capital replacement. It componentized all of the buildings. The County invests, and then keeps up the investment.

Hendricks asked if the wheelage tax is actually a disguised levy.

Commissioner Reinhardt stated that the levy could have been raised to cover it, but the Board thought it made sense for a dedicated funding source. There are many competing investments in the County, and a dedicated funding source means that it is easier to maintain upkeep and take care of the backlog. This will be revisited and will be eliminated if it is not needed. She stated that the reality is that the County's residents need to be sure that the roads are in good condition. Replacing tires because of potholes is expensive, and citizens shouldn't have to worry about tires.

Hendricks asked how much of the tax is going to the city roads vs. county roads.

Ms Kleinschmidt said that the Board requested a report back which segregates the wheelage tax, by project. This is all within the transportation improvement programs, and things will move up the list more, and this includes county roads within a city. The wheelage tax has to go to County roads.

Commissioner Reinhardt said that the idea behind a County road is that it is a thoroughfare and connects many cities.

Ms. Kleinschmidt said that the Board's discussion was focused on making sure that the program could move forward. The Board is excited that the County Engineer and his staff is rethinking the approach to County roads within the city, and it wiping the slate clean.

Commissioner Reinhardt stated that the County Board requested a report to citizens specific to the wheelage tax to say where it went.

Hendricks asked about the 5 1/4 payroll surcharge, found on page 19.

Mr. Mehrkens said that this was for severance costs. There was a segregated fund that paid for retiree health insurance. Instead of having a central fund, it goes to the departments. This is an internal accounting shift. It provides more transparency on what the cost of operation is on a department by department basis.

Apilkowski thanked the County Board for their flexibility in supporting libraries. There are a couple of big projects, and thanked the Board for helping the libraries.

Commissioner Reinhardt said that some hours have increased at suburban Ramsey County Libraries, and that the County Board relies heavily on the Library Board.

Benke said that expansion of the New Brighton library was a good decision.

Apilkowski said that a few years ago, the discussion was about combining libraries, but the County Board was receptive to keeping small libraries open instead of combining them.

Commissioner Reinhardt said that balance is important. The County can't do everything, but does what it can. Goals included the addition of environmental health and recycling. Cultivating economic prosperity and combating poverty is another goal. One in four Ramsey County children live in poverty, and that's not a statistic that the Board is proud of. There are other statistics that the Board is not proud of, but it has to be talked about. The Board also wanted to be clear that they are only talking about financial poverty. The Board didn't want to label citizens as poor just because they didn't have money.

Hendricks asked about West building and TCAAP, and if they are still owned by the County.

Commissioner Reinhardt said that the West Building will likely be demolished. Now that all departments and employees are moved out of the building, it is ready to be redeveloped, and that staff is looking at what has to happen to put it on the market.

Ms. Kleinschmidt said that the County has a plan and a cost estimate on how much it will take to demolish. There is continued interest in West and tours are given, but there is no buyer yet.

Commissioner Reinhardt said that public access on the River is important. Underwood said that she made the same comment at a recent CIPCAC meeting. This area is important. One of the visions is of an outdoor skyway. The land is a great opportunity for collaboration for the City and the County.

Commissioner Reinhardt said that the developers keep talking about the 'plinth.' She found out that it is an outdoor deck/walkway. Although the County is not building it, the County wants to make sure that the public has use of it.

Ms. Kleinschmidt said that the Mayor has a group that is looking at it, and the County is definitely in discussions with the City.

Commissioner Reinhardt said there is a workshop about TCAAP tomorrow. Thirty acres have been cleaned out. There are over 200 buildings, and one building has yet to be demolished to bring it up to residential standards. There is a common misconception that the County will be charged for additional money for additional cleanup, which is true, but the contractor has to ask for additional funds from the federal government, not from the County. The Board is pleased where the project is going. She hopes to sell within a short period of time. She stated that although she did not vote for it, primarily because she didn't believe Ramsey County taxpayers should have to pay \$28.5 million, but now that it was passed, it is her job to be sure that it is carried out well.

Benke asked about selling metal from the demolition.

Commissioner Reinhardt said that 95% has been recycled and sold, and that Ramsey County is a leader in deconstruction. Two 10 acre buildings were demolished, and the materials were shipped all over the United States. This also saved the county \$400,000.

Ms. Kleinschmidt stated that TCAAP is going well, that it is on budget and on schedule. There is a website for it. There is a Joint Development Authority (JDA) with the City of Arden Hills, and includes two County Commissioners, the Mayor and one City Council member from Arden Hills, and a citizen member from Arden Hills. They have been meeting for several months now. This authority has been unique, and there continues to be interest by various developers, and tours are given.

Commissioner Reinhardt said that the JDA is so important because the County does not have zoning and land use authority, and that Arden Hills could have said no to everything, even though they want the project to go forward as well.

Ms Kleinschmidt said that this project is about jobs and tax base. This will not be a TIF.

Apilkowski said that when she was Mayor, there was a proposal for a Vikings stadium, a Twins stadium, and a casino (all combined) on the site. The City had just passed a resolution that said that the city could not house a casino.

Benke asked for further questions. No further questions. He thanked the representatives from the County. He asked if anyone would like to make a formal comment on the budget proposal.

Apilkowski stated that she wished there was more money going to road and bridge construction.

Underwood said that the capital budget has a lot of money for suburban bridge and road construction.

#### Election of Nominating Committee

Benke asked for volunteers to serve on nominating committee. Gustafson, Sonterre, Perez, Apilkowski, and Joyce volunteered.

Bruton moved to elect the nominating committee, seconded by Humphrey. Approved unanimously.

#### Discussion of tentative Charter Commission meeting dates established for 2014.

Benke stated that there are four dates on the agenda.

Ms. Jackelen said that these are the historical dates; the first Monday of February, May, August, and November. Historically, the November meeting is moved so that is not held on the evening before Election Day; October 27<sup>th</sup> is proposed.

Perez moved, seconded by Joyce, to approve meeting dates. Approved unanimously.

Benke stated that If there is no business, meetings can be cancelled. He encouraged members to think about topics and forward them to Ms. Jackelen.

#### Adjournment

Joyce moved to adjourn, seconded by Humphrey. Approved unanimously. The Charter Commission adjourned at 8:32 pm.

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Bonnie C. Jackelen, Chief Clerk-County Board