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Posted: June 13, 2014

**CRYSTAL CITY COUNCIL
SECOND WORK SESSION AGENDA**

Tuesday, June 17, 2014

**To immediately follow the Regular City Council Meeting
Conference Room A**

Pursuant to due call and notice given in the manner prescribed by Section 3.01 of the City Charter, the second work session of the Crystal City Council was held at _____ p.m. on Tuesday, June 17, 2014 in Conference Room A located at 4141 Douglas Drive, Crystal, Minnesota.

I. Attendance

Council members

Staff

____ Adams

____ Norris

____ Budziszewski

____ Therres

____ Deshler

____ Larson

____ Hoffmann

____ Revering

____ Libby

____ Norton

____ Peak

____ Serres

____ Selton

II. Agenda

The purpose of the work session is to discuss the following agenda items:

- West Metro Fire-Rescue District (WMFRD) update
- WMFRD Major Apparatus Fund and capital needs
- Preview of 2015 WMFRD budget
- Recording work sessions for public review
- Commission liaisons reports/updates*

* Denotes no supporting information included in the packet.

III. Adjournment

The work session adjourned at _____ p.m.

Auxiliary aids are available upon request to individuals with disabilities by calling the City Clerk at (763) 531-1145 at least 96 hours in advance. TTY users may call Minnesota Relay at 711 or 1-800-627-3529.



Memorandum

DATE: June 11, 2014

TO: Mayor and City Council

FROM: Anne Norris, City Manager *AN*

SUBJECT: WMFD – Quarterly Update, 2015 Budget Preview and Continued Discussion of Funding Major Apparatus

At the June 17 work session, West Metro Fire-Rescue District (WMFD) Chief Larson will be present to provide:

- A quarterly update on WMFD activities;
- A preview of the 2015 WMFD budget; and
- Continue discussion regarding funding WMFD major apparatus.

2015 WMFD Budget

The Joint Powers Agreement for the West Metro Fire District requires the West Metro Board to approve the budget by June and forward it to both city councils for their consideration. The Board approved the 2015 West Metro budget at its April 16 meeting. Both the Crystal and New Hope city councils need to approve the West Metro budget by July 31.

The total proposed West Metro budget (general fund and capital) for 2015 is \$1,974,000.00, an increase of \$10,805.00 from the 2013 budget. This is less than a 1% increase. The general fund budget has been adjusted to reflect the reorganization of staff implemented by Chief Larson over the last year and the removal of the pension from the general fund budget into a special revenue fund. The capital fund contribution remains at \$170,000 and the capital plan has been updated to anticipate the District's capital needs in the coming years.

The capital budget is actually increasing by more than the \$30,000.00 the cities' contributions increase. The balance of the increase will be covered by the capital fund balance.

According to the District funding formula, Crystal's share of the 2015 budget is \$972,159.47, an increase of \$3,945.18 (.04%), over Crystal's share in 2014.

Attached are the March 26, 2014, memo from Chief Larson regarding the WMFD 2014 Operating Budget, the 2015 operating budget, the 2015 cost sharing formula worksheet and the capital plan for 2012 – 2025.

Funding Major Apparatus

In May the Council discussed funding major apparatus for WMFD. During that discussion, the Council requested additional information regarding the major apparatus needs for WMFD into the future. Chief Larson will have that information at the work session.

Currently, WMFD has separate funds for general operations, pension, capital equipment, and major apparatus. The general operations fund is the District's annual operations budget. The Capital Equipment fund was established to fund equipment and 10 staff vehicles purchases. The Major Apparatus fund was established to fund the purchase/replacement of 4 engines, 1 aerial truck and 4 rescue vehicles.

The District has a fund balance policy (attached) which has been revised over the years. The current fund balance policy provides that the District will strive to maintain a general fund balance equal to 10% of the annual general fund budget. The fund balance policy has been revised to reduce the amount needed for the general fund balance as both cities are invoiced and pay their contributions on a monthly basis, so there is sufficient cash flow for most District expenses.

The Major Apparatus fund was established to fund future replacement of major vehicles (engines, aerial and rescues). However, during a work session of the District Board and both city councils some years ago, it was agreed both cities would fund their respective portions of the costs of replacement of major equipment rather than having the District save for these purchases.

Over the last 18 months, Chief Larson has worked on a stable capital equipment plan over the next 11 years so that the cities' contributions are predictable with modest, planned increases and equipment is replaced or purchased on a scheduled basis.

In the last 12 months, 1 of the 4 rescue vehicles has been replaced with a smaller, less expensive vehicle, utilizing funds in the Major Apparatus Fund. The cost of this vehicle was approximately \$90,000. An additional 2 rescues will be purchased late in 2014 at an estimated cost of \$190,000. After these purchases, there will be a balance of approximately \$100,000 in the District's major apparatus fund.

The WMFD Board requested both city councils review funding for major apparatus (whether each city will continue to plan for its share of the costs or whether the District should be saving for long-term major apparatus purchases.) Both city councils will be discussing this in June and then together with the District Board at the August work session/joint meeting.

Attached are the current WMFD Fund Balance Policy and the memo from Matt Mayer with Proposed Policy Revisions.



MEMORANDUM

To: Anne Norris and Kirk McDonald

From: Sarah Larson, Fire Chief

Date: March 26, 2014

Subject: 2015 Draft General Operating Budget Line Item Explanatory Information for Reductions and Increases from 2014
New Accounting Codes

2015 Draft Budgets

Proposed West Metro Fire-Rescue District 2015:

General Operating Budget -	\$1,604,000
Special Revenue Pension Fund -	\$200,000
Capital Fund Contribution -	\$170,000
Total	\$1,974,000

2014 Approved Budget with Reorganization

Approved West Metro Fire-Rescue District 2014:

General Operating Budget -	\$1,543,195
Special Revenue Pension Fund -	\$250,000

2014 approved general operating budget prior to reorganization is the total of the above general operating budget and special revenue numbers or \$1,793,195.

Capital Fund Contribution -	\$170,000
Total	\$1,963,195

This is a 2015 contribution increase of \$10,805 or 0.5% increase over 2014 for all budgets.

*The Board approved budget has also been updated to reflect the new accounting codes approved at the November 14, 2012 Board Meeting. **The items in red identify the approved accounting code changes.** The Board approved reorganization of the 2014 Budget at their November 13, 2013 meeting.*

Line Item Explanatory Information for Reductions and Increases

Personnel

61500 Regular Salaries \$510,000 – This line has **increased** by \$30,000 from 2014. This includes all full-time positions and consideration of step increases and 2% COLA that at least one City bargaining group has settled for 2% in 2014.

62000 Part-Time Salaries \$320,000 – This line item has **increased** by \$7,380. This includes all paid on-call positions and consideration of a 2% COLA that at least one City bargaining group has settled for 2% in 2014.

62XXX Part-Time Inspector Salaries \$63,000 – This line item is new with the reorganization and has **increased** by \$2,700 this includes the 3 part-time inspectors and consideration of step increases and 2% COLA that at least one City bargaining group has settled for 2% in 2014.

62200 PERA \$87,000– This line item has **increased** by \$11,400. This increase is due to an employer contribution increase to 16.2% for Police and Fire PERA in 2015 and all full-time staff are now in Police and Fire PERA. These full-time employees no longer earn relief association pension.

63000 Pension \$200,000 – Removed from the general operating budget in 2014 and put into special revenue pension fund. The contribution to this fund decreased by \$50,000 due to an increase in state aid and our total potential liability decreasing..

65500 Uniforms \$10,000 – This line item has **increased** by \$2000. We will hire 6-10 new firefighters in 2015.

Insurance

63800 Health Insurance \$75,000 - This line item has been **increased** by \$4,000 to account for the estimated 10% increase in premiums and an additional employees using opting in for health insurance. Open enrollment for 2015 is in November 2014.

63900 Insurance LTD \$5,000 – \$ 800 **increase** due to age and rate increase for six full-time staff for 2015.

64000 Life Insurance \$550 - \$75 **increase** six full-time staff for 2015.

Supplies

70500 Office Supplies \$2,500 - \$200 **increase** based on increased number of part-time staff and historical usage.

75500 Tools and Equipment - \$4,150 - \$1,150 **increase** based on historical data and input from logistics.

77000 Turn Out Gear \$15,000 - \$10,000 **decrease** based on terminating the Lion Total Care Program for our gear.

Service

80200 Consultant \$6,000 - \$2,000 **decrease** based on completion of reorganization.

80800 Medical Exams \$8,000 - \$2,000 **decrease** based on hiring 2-3 firefighters for the 2016 recruit class.

Communication and Delivery

81200 Telephone \$22,000 - \$3,000 **decrease** based on removing phones and air cards from service.

81600 Radio Units \$23,000 - \$2,000 **decrease** based removing mobile data computers (MDC) from service.

Utilities

83400 Water/Sewer \$8,500 - \$500 decrease based on 2013 preliminary year end financials .

83600 Gas \$20,000 - \$5,000 increase based on 2013 preliminary year end financials and historical data.

Contract Maintenance

84200 Building Repairs \$10,000 - \$900 increase based on the 2013 preliminary year end financials.

84400 Equipment Repairs \$22,000 - \$1500 increase based on the 2013 preliminary year end financials and input from logistics.

84600 Vehicle Repairs \$52,000 - \$4,000 increase based on the annual maintenance costs of the engines.

84800 Information Technology \$35,000 - \$2,000 increase based on 2013 preliminary year end financials.

Rent

85400 Office Equipment Rent \$7,000 - \$1,000 decrease based on 2013 preliminary year end financials.

Dues, Subscriptions, & Training

86200 Dues and Subscriptions \$2,000 - \$600 increase based on the 2013 preliminary year end financials.

86600 Books \$1,500 - \$1,500 increase based on the 2013 preliminary year end financials.

86900 Licenses & Permits \$0 - \$5,000 decrease reoccurring cost every 3 years for Firefighter Licensure.

Miscellaneous

None

West Metro Fire - Rescue District
Draft 2015
General Operating Budget, w/Pension, Capital & Special Revenue Funds

	2010 Actual Amount	2011 Actual Amount	2012 Actual Amount	2013 Approved Budget	2013 December Financials	2014 Approved Budget	2014 Reorganization	2015 DRAFT
Revenue								
50100 - City Contribution Operating	1,798,596	1,798,596	1,772,010	1,767,680	1,767,723	1,793,195	1,543,195	1,604,000
City Contribution Pension	-	-	-	-	-	-	250,000	200,000
City Contribution Capital	163,991	163,991	144,577	139,600	-	170,000	170,000	170,000
Special Revenue Fund Revenue	23,749	19,579	66,096	-	-	-	-	-
50110 - County Grants - General	24,481	34,675	45,904	13,020	19,700	-	-	-
51000 - Misc Income	1,960	-	17,726	7,000	5,891	-	-	-
Total Revenue	2,012,777	1,833,271	2,046,313	1,927,300	1,793,314	1,963,195	1,963,195	1,974,000
Expenditures								
Personnel								
61500 - Regular Salaries	421,208	448,271	461,391	468,700	411,545	475,000	480,000	510,000
61501 - Severance	-	-	-	-	52,893	-	-	-
62000 - Part - Time Salaries	339,528	337,204	335,019	353,500	367,399	360,570	312,620	320,000
62XXX - Part Time Inspectors	-	-	-	-	-	-	60,200	63,000
62200 - PERA	54,019	60,851	62,074	62,600	51,208	70,000	75,600	87,000
62800 - Social Security & Medicare	35,831	35,816	35,596	37,350	39,096	37,350	35,000	37,000
63000 - Fire Pension	253,627	287,270	241,916	280,500	194,022	280,500	-	-
63200 - Flex Spending	(28)	-	-	-	-	-	-	-
65500 - Uniforms	5,981	5,541	6,467	6,000	5,958	8,000	8,000	10,000
Insurance								
63500 - Health Savings Account - HSA	-	-	-	-	-	-	-	-
63600 - Dental Insurance	-	-	-	-	186	-	-	-
63800 - Health Insurance	45,174	58,866	46,074	53,500	43,047	59,000	71,000	75,000
63900 - Long Term Disability	-	3,222	3,222	4,000	2,275	4,200	4,200	5,000
64000 - Life Insurance	(556)	344	458	400	(320)	475	475	550
64500 - Workers Comp Insurance	46,167	46,178	40,968	48,500	47,351	55,000	55,000	55,000
65000 - Unemployment Insurance	-	-	-	-	-	-	-	-
Supplies								
70500 - Office Supplies	2,455	2,199	2,207	2,300	1,855	2,300	2,300	2,500
72500 - Cleaning	2,620	3,128	2,274	3,100	2,549	3,000	3,000	3,000
74000 - Misc Operating	10,526	10,438	7,238	10,800	8,978	10,000	10,000	10,000
74500 - General Repair	2,082	2,073	1,277	-	-	-	-	-
75000 - Equipment Repairs	8,254	8,840	4,104	-	-	-	-	-
75500 - Tools & Equipment	2,982	3,952	3,013	3,000	3,491	3,000	3,000	4,150
76000 - Motor Fuels	13,250	20,638	20,327	25,000	24,467	25,000	25,000	25,000
77000 - Turn Out Gear	24,402	25,307	19,319	25,000	11,160	15,000	15,000	15,000
77500 - Tires	1,760	3,000	25	-	-	-	-	-
78000 - Building Repairs	2,411	2,674	3,010	-	-	-	-	-
79000 - Fire Prevention Supplies	1,465	4,119	8,504	10,000	10,647	10,000	8,000	8,000
Service								
80200 - Consultant	3,030	5,605	8,700	10,000	5,673	8,000	8,000	6,000
80400 - Other Contract	-	757	391	1,100	404	1,100	1,100	1,100
80600 - Legal Fees	13,014	19,577	30,719	7,500	13,534	12,000	12,000	12,000
80800 - Medical Exams	12,391	7,725	9,459	8,000	10,892	10,000	10,000	8,000
Communication and Delivery								
81200 - Telephone	22,235	29,664	23,066	32,000	21,745	25,000	25,000	22,000
81400 - Postage & Delivery	1,786	1,471	1,330	1,500	495	1,500	1,500	1,500
81600 - Radio Units (leasing, maint. fees, repairs and parts)	65,573	23,204	21,559	28,700	30,489	25,000	25,000	23,000
81800 - Communications	4,146	4,775	3,230	-	-	-	-	-
Utilities								
83200 - Electric	24,155	24,624	24,163	25,000	25,248	24,000	24,000	24,000
83400 - Water/Sewer	8,080	7,795	9,444	8,500	8,737	9,000	9,000	8,500
83600 - Gas	20,005	21,304	14,060	25,000	21,289	15,000	15,000	20,000
83800 - Refuse	1,445	1,133	849	1,200	1,197	1,200	1,200	1,200
Contract Maintenance								
84000 - Building Maintenance & Cleaning	9,481	11,297	9,360	12,000	10,361	12,000	12,000	12,000
84200 - Building Repairs	3,767	4,347	4,735	9,100	8,488	9,100	9,100	10,000
84400 - Equipment Repairs	10,676	12,003	11,813	20,500	20,317	20,500	20,500	22,000
84600 - Vehicle Repairs	78,975	51,672	46,219	53,000	72,407	48,000	48,000	52,000
84700 - Grounds Maintenance	783	-	-	-	-	-	-	-
84800 - Information Technology	29,360	29,367	41,436	38,750	38,735	33,000	33,000	35,000
Rent								
85400 - Office Equipment Rent	6,815	6,950	6,573	7,000	7,005	6,000	6,000	7,000
85600 - Service Contracts	6,075	7,745	4,956	-	-	-	-	-
Dues, Subscriptions, & Training								
86200 - Dues & Subscriptions	845	1,370	1,082	1,400	1,823	1,400	1,400	2,000
86400 - Awards	5,782	2,451	6,000	3,000	3,310	3,000	3,000	3,000
86600 - Books	2,454	3,565	3,172	3,000	1,896	3,000	3,000	1,500
86800 - Training	28,515	39,809	35,499	30,000	44,680	30,000	30,000	30,000
86900 - Licenses & Permits	-	-	-	-	5,000	5,000	5,000	-
Miscellaneous								
87200 - Advertising - Employee	456	1,136	321	1,200	1,000	1,000	1,000	1,000
87400 - Printing	747	1,516	535	1,500	2,236	1,000	1,000	1,000
87500 - General Insurance	29,726	26,490	32,935	27,500	34,023	33,000	33,000	33,000
87700 - Financial Services	36,561	49,848	50,722	37,000	45,854	37,000	37,000	37,000
87900 - Debt Service Principal	-	-	-	-	-	-	-	-
87901 - Debt Service Interest	-	-	-	-	-	-	-	-
Total General Operating Expenditures	1,700,036	1,767,131	1,706,811	1,787,700	1,708,645	1,793,195	1,543,195	1,604,000
Special Revenue Pension Expenditures	-	-	-	-	-	-	250,000	200,000
Total General and Pension Expenditures	1,700,036	1,767,131	1,706,811	1,787,700	1,708,645	1,793,195	1,793,195	1,804,000
Capital Fund Expenditures	110,368	277,090	403,655	275,086	-	570,557	570,557	220,800
Total General, Pension, Capital	1,810,404	2,044,221	2,110,466	2,062,786	2,363,752	2,363,752	2,363,752	2,024,800
Special Revenue Fund Expenditures	325	458	2,609	4,000	96,372	-	-	-
Total Expenditures	1,810,729	2,044,679	2,113,075	2,066,786	2,363,752	2,363,752	2,363,752	2,024,800

Note: Amounts Exclude \$2.5 million in revenue and expenditure capital activity

WEST METRO FIRE RESCUE DISTRICT Cost Sharing Formula

Calculation in 2014 for use in the 2015 Budget

$((a/A) + (p/P) + (v/V) / 3) \times 100 =$ Percentage of total budget due from specified municipality

	<u>Crystal</u>	<u>New Hope</u>	<u>District</u>
a = municipality's avg. calls over 5 years	628	688	
p = municipality's population (2010 census)	22,151	20,339	
v = municipality's taxable market value in millions	1,136	1,236	
A = district's avg. calls over 5 years no mutual aid			1,316
P = district's population (2010 census)			42,490
V = district's taxable market value in millions			2,372
Percentage a/A	47.72%	52.28%	
Percentage p/P	52.13%	47.87%	
Percentage v/V	47.89%	52.11%	
	49.2482%	50.7518%	100.00%

Preliminary

Required contributions from cities	\$972,159.47	\$1,001,840.53	
Monthly contribution	\$81,013.29	\$83,486.71	
(1) Average calls based on calls for the years 2009 through 2013 without mutual aid.			
(2) Preliminary 2014 taxable market values from Hennepin County report dated 09/02/2013.			
Contributions from Cities Set to Equal:			
2014 General Fund Operating Budget			\$1,604,000
2014 Capital Plan Budget			\$170,000
Pension Special Revenue Fund			\$200,000
Total Amount to be Contributed from Cities			\$1,974,000

West Metro Fire & Rescue District
Capital Budget

	Actual					Projected													
	2009	2010	2011	2012	2013	Budget	Budget	Budget											
Beginning Fund Balance	592,622	513,977	1,985,909	3,299,483	781,923	835,355	438,974	390,369	256,071	116,851	-9,814	33,637	41,055	-38,740	-13,184	14,250	98,572		
City Contributions: unassigned	254,490	163,991	163,991	144,577	139,600	170,000	170,000	200,000	210,000	210,000	220,000	220,000	228,000	230,000	230,000	235,000	235,000		
City Contrib: designated fire engines		1,250,000	1,250,000																
Sales of Capital Assets	6,233	700	14,546	59,045	55,180														
Other Revenue - Interest/Misc	10,601	5,393	-4,431	6,267	3,910	4,177	2,195	1,952	1,280	584	-49	168	205	-194	-66	71	493		
Transfer from General or Special Fund		162,216	166,558	176,206	129,828														
Total Revenue	271,324	1,582,300	1,590,664	386,095	328,518	174,177	172,195	201,952	211,280	210,584	219,951	220,168	228,205	229,806	229,934	235,071	235,493		
Total Expenditures	349,969	110,368	277,090	2,903,655	275,086	570,557	220,800	336,250	350,500	337,250	176,500	212,750	308,000	204,250	202,500	150,750	152,000		
Ending Fund Balance	513,977	1,985,909	3,299,483	781,923	835,355	438,974	390,369	256,071	116,851	-9,814	33,637	41,055	-38,740	-13,184	14,250	98,572	182,065		
Prepaid truck construction		1,737,362	2,237,362																
Truck expense carry-over			557,270																
Board approved carry-overs			202,000		167,500														
Major Apparatus Carryover (Per F/B Policy)			116,591		239,935	308,062													
Capital Carryover (Per F/B Policy)			49,967		52,862	91,810													
Fund Balance Committed:	0	1,737,362	3,163,190	514,297	567,372	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Fund Balance Uncommitted(Assigned):	513,977	248,547	136,293	267,626	267,983	438,974	390,369	256,071	116,851	-9,814	33,637	41,055	-38,740	-13,184	14,250	98,572	182,065		
Total Fund Balance	513,977	1,985,909	3,299,483	781,923	835,355	438,974	390,369	256,071	116,851	-9,814	33,637	41,055	-38,740	-13,184	14,250	98,572	182,065		

2013 Carryover Represents	
MDC Replacement	27,500
Turn Out Gear 2011	20,000
Turn Out Gear 2012	20,000
SCBA 2012	50,000
SCBA 2013	50,000
	<u>167,500</u>

Amount represents Capital Budget for 2014 plus \$167,500 in approved 2013 carryovers

Elimination of the Major Apparatus and Capital Carryover set aside amounts would be dedicated to three upcoming projects	
Garage Doors	147,000
Breath Compressor	30,000
Turn Out Gear	25,000
	<u>202,000</u>

2014 -2025 Capital Plan
Board Approved May 15, 2013

Year Purchased	Project Description	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
STAFF/UTILITY VEHICLES															
2013	U-31	\$51,500			\$42,000								\$50,000		
2004	C-11					\$45,000									\$52,000
2004	C-24							\$45,000							
2007	C-31													\$51,000	
2003	U-31			\$40,000											
2008	C-2								\$46,000						
2008	C-23									\$47,000					
2006	U-11						\$44,000								
2011	U-21										\$48,000	\$49,000			
2010	U-32										\$48,000	\$49,000			
	Total	\$51,500	\$0	\$40,000	\$42,000	\$43,000	\$44,000	\$45,000	\$46,000	\$47,000	\$48,000	\$49,000	\$50,000	\$51,000	\$52,000
Grand Total		\$304,500	\$126,400	\$415,057	\$190,800	\$273,250	\$350,500	\$288,250	\$176,500	\$212,750	\$308,000	\$204,250	\$202,500	\$150,750	\$152,000
MAJOR APPARATUS															
2012	Heavy Rescue / evaluate														
2004	Aerial / Next Purchase 2029														
2011	Engines / Evaluate / Form Committee 2021														
2013	Light Rescues		\$90,000	\$190,000									\$110,000	(2) \$220,000	
2013	Grass Utility		\$48,070	\$190,000									\$50,000		
	Total		\$138,070	\$190,000									\$160,000	(2) \$220,000	

**WEST METRO FIRE-RESCUE DISTRICT
GENERAL FUND
FUND BALANCE POLICY**

Purpose

The District shall maintain a general fund balance in order to bridge any cash flow needs and to meet obligations for unanticipated expenses such as insurance deductibles, uninsured losses, unexpected increases in supply/utility costs and other budget variables. The general fund budget provides for payroll and benefits for full and part-time employees, supplies, and adequate maintenance of buildings and equipment.

Policy

The District will strive to maintain a general fund balance equal to 10% of the annual general fund budget of the subsequent year.

Calculation of Reserve

1. The general fund balance is calculated based on the most recent audited fund balance of the general fund.
2. The goal for the general fund reserve shall be calculated as 10% of the subsequent general fund budget.
3. Annually the District Board will review the general fund balance reserve. Any amount by which the calculation in paragraph 1 exceeds the calculation in paragraph 2 will be distributed as follows: 70% to major fire apparatus and 30% to capital equipment. These amounts will be considered a committed portion of the Capital Fund balance under the provisions of GASB 54.
4. If the fund balance calculated in paragraph 1 falls below the threshold established in paragraph 2, the board will determine the appropriate action to replenish the fund at the next board meeting or specially called meeting.

Provisions of GASB 54

GASB 54 provides for classification of Fund Balance in the following categories:

Nonspendable - This category includes the following:

Amounts that are not expected to be converted to cash, such as prepaid items or inventory,

Restricted – This category includes amounts that have an externally imposed constraint for a specific purpose, by external parties or legislation

Constraints are legally enforceable

Examples include unspent grant proceeds and donor restricted contributions

Committed – This category includes amounts that have a self-imposed constraint for a specific Purpose

Commitments require a Board resolution to make the constraint and a Board resolution to change or remove the constraint

Fund balance commitment resolutions must be adopted before the end of the year, but the exact amounts can be determined after year-end

Assigned – This category also includes amounts that have a self-imposed constraint for a specific purpose

The constraint demonstrates the Board's intent

The Board authorizes the Chief to assign fund balance that reflects the Board's intended use of those funds

Remaining positive amounts in governmental funds other than the general fund are considered Assigned

Unassigned – This category includes amounts that are available for any purpose

Unassigned fund balance is reported only in the general fund and in other funds with negative fund balances

Order of Spending

When a fund has both restricted and unrestricted fund balance, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

When a fund has any combination of committed, assigned, and unassigned fund balance, it is the District's policy to use committed resources first, then assigned, and then unassigned resources as they are needed.

*Approved by the Board of Directors November 2, 2000
Modified by the Board of Directors December 15, 2004 (reserve balance adjusted from 25% to 17% of annual budget)
Modified by the Board of Directors June 8, 2005 (reserve balance adjusted from 17% to 14% of annual budget)
Modified by the Board of Directors November 14, 2006 (distribution of excess to vehicle and capital funds)
Modified by the Board of Directors November 9, 2011 (GASB 54 terminology/clarification of use of excess)
Modified by the Board of Directors April 11, 2012 (reserve balance adjusted from 14% to 10% with distribution 70% to major fire apparatus and 30% to capital equipment. These amounts will be considered a committed portion of the Capital Fund balance under the provisions of GASB 54)*

To: West Metro Administration

From: Matt Mayer, KDV

Re: Capital Fund Balance Policy

Current policy provides for the following components of Capital fund balance at the end of each fiscal year:

- Committed for Major Apparatus – Amount represents 70% of general fund excess fund balance transfers. This balance is to be utilized only to offset the City's costs of periodic major apparatus purchases.
- Committed for Capital Equipment – Amount represents 30% of general fund excess fund balance transfers. This balance is to be utilized for all other capital needs of the District.
- Committed for Carryovers – Amount represents board-approved carryovers of unspent capital fund budget authorizations, including Turn Out Gear and SCBA roll-forwards.
- Assigned Fund Balance (Uncommitted) – Amount represents the residual fund balance which has accrued over the years from unspent or underspent budget authorizations.

Two Issues to Consider

1. As the District looks ahead to its capital needs over the course of the next 10 to 15 years, it may find the Committed for Major Apparatus set aside too restrictive. Currently the next opportunity to utilize this balance (which will have grown to nearly \$240,000 by the end of 2012) is 2015 with the planned purchase of rescue vehicles. I understand that an alternative to this purchase may be in the works; if so, the next scheduled major apparatus purchase is in 2025.

Without a re-definition of "major apparatus" or a revision to the fund balance policy, there is the potential that the District will be locking up nearly a quarter of a million dollars in available resources for more than a decade.

2. The member cities have demonstrated a desire that their combined general and capital annual contribution to the District is smoothed or level on a year-to-year basis. Because of the nature of capital needs, this can sometimes be a challenge. Allowing a portion of fund balance to be available as a way to smooth these annual contributions would be a valuable tool for administration to help in achieving the member cities' objectives.

Recommendations

1. Revisit the 70% major apparatus allocation with the Board. If the board agrees that current major apparatus needs have made this set-aside too restrictive, an alternative would be that both this 70% and the current 30% set-aside be pooled into a "Committed for Future Capital" account that could be used at the board's discretion for any specific future capital needs of the District.

WEST METRO FIRE-RESCUE DISTRICT
GENERAL FUND
FUND BALANCE POLICY

Purpose

The District shall maintain a general fund balance in order to bridge any cash flow needs and to meet obligations for unanticipated expenses such as insurance deductibles, uninsured losses, unexpected increases in supply/utility costs and other budget variables. The general fund budget provides for payroll and benefits for full and part-time employees, supplies, and adequate maintenance of buildings and equipment.

Policy

The District will strive to maintain a general fund balance equal to 10% of the annual general fund budget of the subsequent year.

Calculation of Reserve

1. The general fund balance is calculated based on the most recent audited fund balance of the general fund.
2. The goal for the general fund reserve shall be calculated as 10% of the subsequent general fund budget.
3. Annually the District Board will review the general fund balance reserve. Any amount by which the calculation in paragraph 1 exceeds the calculation in paragraph 2 will be distributed ~~as follows: 70% to major fire apparatus and 30%~~ to capital equipment. These amounts will be considered a committed portion of the Capital Fund balance under the provisions of GASB 54.
4. If the fund balance calculated in paragraph 1 falls below the threshold established in paragraph 2, the board will determine the appropriate action to replenish the fund at the next board meeting or specially called meeting.

Provisions of GASB 54

GASB 54 provides for classification of Fund Balance in the following categories:

Nonspendable - This category includes the following:

Amounts that are not expected to be converted to cash, such as prepaid items or inventory,

Restricted – This category includes amounts that have an externally imposed constraint for a specific purpose, by external parties or legislation

Constraints are legally enforceable

Examples include unspent grant proceeds and donor restricted contributions

Committed – This category includes amounts that have a self-imposed constraint for a specific purpose

Commitments require a Board resolution to make the constraint and a Board resolution to change or remove the constraint

Fund balance commitment resolutions must be adopted before the end of the year, but the exact amounts can be determined after year-end

Assigned – This category also includes amounts that have a self-imposed constraint for a specific purpose

The constraint demonstrates the Board's intent

The Board authorizes the Chief to assign fund balance that reflects the Board's intended use of those funds

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Memorandum

DATE: June 12, 2014
TO: Mayor and City Council
FROM: Anne Norris, City Manager
SUBJECT: Recording Work Sessions

At last year's Council goalsetting sessions, there was discussion about greater transparency of Council deliberations. There was discussion about how to measure if that was being achieved. Since Council meetings are already cablecast and available on demand on the website, another measure suggested was increased citizen attendance at Council meetings and work sessions. There was also limited discussion about communicating work session discussions including summarizing the discussions (in addition to the regular minutes noting the beginning and ending times and what topics are discussed) and having audio recordings of the work sessions.

The value of work sessions is they allow the Council and staff to have less formal discussions and to provide a more conducive environment for exchanging information. Work sessions are public meetings and as such, minutes of the work sessions are required for a public record.

The Council should discuss whether to supplement the existing practice of minutes of work sessions.