



TO: Charter Commission Members
FROM: Deb Skogen, City Clerk and Staff Liaison
Date: May 8, 2017
Re: Charter Commission Meeting of May 15, 2017

This is a reminder to you that the next Charter Commission meeting will be held on **Monday**, May 15th at 7:00 p.m. in Conference Room A on the Upper Level.

In order to ensure a quorum, please remember, the Charter Commission policy requires a member to call or e-mail before 10:00 a.m. Monday, May 15th, as to whether or not you plan on attending the meeting. Please contact me by phone at (763)572-3523 or e-mail at deb.skogen@fridleymn.gov, or Jake by phone at (763)572-3508 or e-mail at jake.foster@fridleymn.gov as to your attendance.

If we do not have a quorum by 10:00 am, we will send out an e-mail to see if additional members will attend. If by Noon there will not be a quorum, we will send out an e-mail to all members and post a notice on the door announcing the cancellation of the meeting for those Commissioners who did not contact me, but came to the meeting.

The Commission will continue its discussion of Chapter 7 pertaining to the levy restrictions, and constructing an ordinance to be given to Council. We have provided the May 1st meeting minutes, a draft copy of Chapter 7 showing where the changes are, a draft ordinance with the amendments and a memo from the Finance Director Shelly Peterson regarding her comments for other sections of Chapter 7 that we have not discussed. These are ideas for you to think about prior to the meeting regarding how financing is completed in 2017. These items can be discussed in the fall and do not pertain to the restriction or conflicts with state law. We just wanted to make sure that you got all of the information you need for next Monday's meeting.

If you have any other questions or concerns, please feel free to contact Jake.



CITY OF FRIDLEY CHARTER COMMISSION

AGENDA

**MONDAY, MAY 15, 2017
7:00 P.M.**

LOCATION: FRIDLEY MUNICIPAL CENTER
CONFERENCE ROOM A – UPPER LEVEL

- 1. CALL TO ORDER:**
- 2. ROLL CALL:**
- 3. APPROVAL OF AGENDA:**
Motion approving the May 15, 2017 meeting agenda
- 4. APPROVAL OF MINUTES**
Motion approving the May 1, 2017 meeting minutes
- 5. ADMINISTRATIVE MATTERS**
A.
- 6. OLD BUSINESS**
A. Continued Discussion of Chapter 7
- 7. NEW BUSINESS**
A.
- 8. FUTURE MEETING TOPICS/
COMMUNICATIONS A.**
- 9. ADJOURNMENT**
Motion to adjourn the meeting

**Next Regular Commission
Meeting Date: TUESDAY
September 5, 2017**

CITY OF FRIDLEY
CHARTER COMMISSION MEETING
MAY 1, 2017

CALL TO ORDER:

Chairperson Ostwald called the Charter Commission meeting to order at 7:00 p.m.

ROLL CALL:

Members Present: Commissioners Gary Braam, Zach Crandall, Don Findell, Manuel Granroos, Richard Johnston, Ted Kranz, Rick Nelson, David Ostwald, Barb Reiland, Pam Reynolds, Valerie Rolstad, Avonna Starck, and Richard Walch

Members Absent: Commissioners Bruce Nelson and Cindy Soule

Others Present: Deb Skogen, City Clerk/Staff Liaison
Wally Wysopal, City Manager
Scott Lund, Mayor
Bob Barnette, Councilmember at Large

APPROVAL OF AGENDA

Commissioner Braam MOVED and Commissioner Rick Nelson seconded a motion approving the meeting agenda.

UPON A VOICE VOTE, ALL VOTING AYE, CHAIRPERSON OSTWALD DECLARED THE MOTION CARRIED.

APPROVAL OF MINUTES

Commissioner Braam MOVED and Commissioner Reynolds seconded a motion approving the Charter Commission meeting minutes of April 3, 2017.

UPON A VOICE VOTE, ALL VOTING AYE, CHAIRPERSON OSTWALD DECLARED THE MOTION CARRIED.

ADMINISTRATIVE MATTERS

Ms. Skogen said a letter was sent to the Chief Judge for the reappointments of Commissioners Don Findell, Valerie Rolstad and Cindy Soule as their terms expired on May 1, 2017.

OLD BUSINESS:Discussion of Chapter 7

Chairperson Ostwald reviewed what the Commission has been doing over the past six months and how the restrictions have affected the City.

City Manager Wysopal said there is no money to add new services or needs. City is still short 2 police officers from 2008, one of whom could provide resources to multi-family units due to the perception of crime in those areas. City has no funding to purchase body cameras and staffing as other cities are doing.

Commissioner Reynolds said there was funding available to purchase body cameras and provide tech support. Mr. Wysopal said while there might be funds available to help with the purchase of the body cameras and some tech support, there was no city funding available for the other technology such as servers and staffing that would be responsible for editing and record keeping of the data that would be acquired through the use of body cameras.

Chairperson Ostwald said the analysis shows a needed estimated increase for general operating funds and capital funds of about \$978,430 equating to a levy increase of 9.29% for 2018 which would provide essential services to the City. Neither the CPI nor 5% increase would even cover those needs over the next three years. City has already shown it is in decline, there is no surplus, no extras or emergency funds left.

Commissioner Findell asked if the estimated needs were over and above the normal operating expenses.

Mr. Wysopal said yes, they tried to respond to the question raised, to do what you need to do going forward what that would relate to. So we prepared the information but noted the City was not proposing or requesting the increases. It was representative of a fully funded operations budget. He reviewed the budget process and said the City Council makes adjustments and approves a final budget. These estimates contain requests from departments that we have had to say no to.

Commissioner Reynolds wondered what was meant that a percent levy increase did not equate to same increase for the taxpayer.

Mr. Wysopal said an estimated levy increase is spread across all tax paying parcels in the City depending on the type of parcel, valuation, and rate assigned by statute will affect the increase. He cited how the Mayor's taxes increased a lot while Councilmember at Large Barnette's taxes only went up slightly. He said when a TIF district has been completed, that added value goes across all taxpaying parcels to help out. The amount of property taxes everyone pays goes down, but because it is a levy, it doesn't mean rates go up, it just means the amount of money the City can request stays the same. This is the difference between a levy which equates to dollars and the

tax rate which equates to a percentage. If current levy restriction were written in a different way, City could raise more money when a TIF project is completed and is now distributed across all tax paying parcels, that value is not recognized. Even though the levy is going up, there are many different reasons why your property taxes may not be the same as your neighbors. If the value goes up, the percentage captures a bigger tax. An example is the growing City of Maple Gove where when the City adds 5,000 new homes and 2 million square feet of commercial property, its value goes up but the tax rate doesn't have to change to capture the same amount of taxes. When you have a stagnant property tax base, there is no growth that comes from higher values.

Commissioner Reynolds asked what TIF Districts would be expiring soon.

Mr. Wysopal said there was one coming up but couldn't recall which one it was. He said there was the housing district across the City and Medtronic which would be coming up soon, unless they choose to build another building. He also discussed fiscal disparities which Columbia Heights receives that Fridley does not. He said those extra dollars help to decrease Columbia Height's property taxes. The City is the only contributor into fiscal disparities and does not receive that benefit.

Commissioner Reynolds said in the 2017 budget process, there was \$900,000 that got redistributed, based on Auditor's recommendation that it was in excess of six months' worth of funds and had to be redistributed. She wondered if that had not been redistributed would the number be as high. Mr. Wysopal said the number would be lower.

Commissioner Walch wondered if there was a levy increase if it would be assumed the levy would continue to be increased for the following year, or compounded.

Mr. Wysopal said you could parallel the water fund, which had the same restriction. Rates went up to help make up for some of the losses. As the rates go up, the expenses increase as well. The other thing missing in the proposed increases for the next three years is the political discussion or council decisions that go into deciding an increase. The City Council would most likely say no to a 9% increase.

Commissioner Reynolds wondered if the analysis distributed provided for the needs of the City. Mr. Wysopal said yes, that was what the Commission had asked staff to prepare.

Chairperson Ostwald said Fridley is the only City with a restriction and staff has shown there is a financial decline due to the restriction. Our job is to frame and amend the Charter for the needs of the citizens of Fridley. He believed that if we want to have the City continue the quality of life we have with the services we have, we do have to make a decision on how to move forward. There was some discussion about removing the CPI. He thought they should move towards a simplified version using general state law as a guide. He said they have a responsible city council and a professional city manager. No one has shown they would take advantage of not having a restriction. He said if the council increased the levy by 9%, every one of the councilmembers would be replaced as well as the city manager. He said they had gone to one

extreme and now it was time to revisit and change the policy to give them more leniency but with a caveat of reviewing the change after a few budget years. If it is not working, the Charter Commission can then make a change.

Commissioner Reiland agreed that a review after 5 years would be a good recommendation.

Commissioner Reynolds disagreed as the Charter provides the only way for how government will run the City. She did not believe that by switching the language per state statute, the City might as well be a statutory city. She said the restriction was put into place because the citizens did not want the City Council to just tax and spend. She felt if it was changed to state statute, they could increase as much as they want and used the water bill as an example.

Commissioner Rolstad asked Commissioner Reynolds if there wasn't anything in her life that went up that had to be paid. She said her medical bills go up, insurance goes up and she cannot control that. She said they as citizens have a responsibility to make sure the City can function and not go in debt and take out loans that we should not be taking on every 2 to 3 years.

Commissioner Reynolds said when the City takes out loans it puts the tax burden on the citizens.

Commissioner Rolstad said most of us have loans such as car payments and a mortgage. If we want to be fiscally better for our citizens, if elected officials are being fiscal, they will not raise the levy 10 to 20% as that would be political suicide.

Mayor Lund said the Charter allows for reverse referendum, which statutory cities do not have. He did not think they would need a sunset clause as they had the opportunity to review and change the charter if needed at any time. He said historically the City was very fiscally prudent prior to the restriction. About 20 years ago this City was the envy of other metro cities because of its very strong financial reserves. He said when they partnered with the Fridley School District to build the community center. The City used \$1.6 million from the reserves rather than bonding for the construction which would have also required interest. Now we have to borrow money we are paying back with interest, to pay for equipment.

Commissioner Crandall felt removing the index and leaving the 5% would help make the budget process more manageable. Even with restriction put in place, have we hit the 5%? The individuals who petitioned felt 5% was good, but it has that small restriction as well. He thought 5% was a good middle ground and prevented very large increases. He would like to see the Charter Commission review it in 3 to 5 years. If it is close but not quite good enough you could increase at that time.

Commissioner Findell said while he recognizes the increases the City is feeling are not necessarily budget increases such as a cost of living or cost of running the City. He thought the increases were due to technological innovations or new opportunities to serve the citizens better to improve the delivery of services which is new spending not operating expenses as well as federal or state mandates. He wondered if there was any way they can allow for new innovation coming forth.

Commissioner Reiland felt some might be innovation but most was mandatory spending from other agencies. It is nothing you can prepare for, we have no choice.

Commissioner Nelson agreed to disagree and could blame others for mandatory requirements and spending, but not all is innovation. He said body cameras could help the city keep insurance claims down. He said the Public Works Director would like to fix the roads but has to do it over a 50 year period because he can only budget so much annually. He said the City did not plan for reconstruction of infrastructure. Some of the spending is to bring the City up to the standards it should be in, not mandates from the state or other agencies. He said he had no problem raising the levy limit, eliminating previous year levy and CPI and going to a straight 7%. If they need more, Section 7.02.2 would handle that. He said he wasn't opposed to raising the restriction to 10%. He did not agree with removing restriction entirely, as it might open a can of worms and would rather not go down that road. Prefer to make it a flat percentage regardless of CPI or previous year. If it doesn't work in a year or two, we will revisit the issue. He said if you are using the previous year levy and an increase, you would be compounding the levy.

Commissioner Walch said he liked removing the CPI but wanted the fixed rate to be low enough so the City could not fund a performing arts center. He felt that due to the rhetoric about bonding for the new city hall, that if they removed the hard limit it opened opportunities for crazy spending.

Mr. Wysopal asked what percentage would not become defacto increase, just as the CPI, which has been averaging at 1.4% for the last eight years. In January when beginning the 2018 budget we knew that inflation would be 1.4%. That doesn't cover the increase in operating cost. What percentage would you utilize to allow the City Council their elected responsibility to debate over things that are necessary?

Commissioner Crandall asked what percentage would be needed to cover the City's costs.

Mr. Wysopal said he did not know yet because we are in the process of putting together the 2018 budget. Right now with a 1.4% increase we know that we have a shortfall of \$2 million for the things we need.

Commissioner Findell said we are always looking backwards at the CPI, he wondered what would happen if there was a financial crisis nationally and inflation increased like the 1980's, what the City would do with its finances. He said it could devastate everything.

Commissioner Reynolds said if there was a financial crisis no one would be able to pay their taxes, it won't just be the City that would be hurting. Everyone keeps talking about the different percentages. She was on a fixed income and still manages to pay her bills with the increases. Everybody keeps looking at her income and saying but Pam we need a little more because the dogs need an \$11,000 play toy, which was spent on the K-9's.

Mr. Wysopal said the \$11,000 was a donation specifically for that purpose and the payment was in the payables to be approved by the Council. The City doesn't have the substitution effect like individuals do. The City can't say they can't afford the police so they will provide private security for \$10/hour. He cited a recent example of the purchase a diesel truck. The price increase \$12,000 to \$15,000 from the budgeted item because it had to meet all of the new EPA standards that had been placed in the past year. He said he was concerned some individuals wanted to micro manage the budget and tell the City Council how to do their job. He said that was just not right.

Commissioner Rick Nelson said they were all volunteers appointed by the Chief Judge to help manage the charter to the best of their ability. When he bought his boyhood home in 2007, property values were higher than they are now. That is not the fault of the City, but the City has suffered with the additional levy restriction. That is as much of the problem of the economy improving and property values increasing. We are paying more in taxes with the same levy limit that was there. You are generating more money with the current system you have because the property values are going up.

Mr. Wysopal said that was not correct. The value of a property can go up or down as much as it wants, but the levy is the dollar amount the council can ask for to run the City. It can only go up 1.4% in 2018. If the house value goes up or stays the same, the City is still collecting the same amount of money over the entire City.

Commissioner Findell said the theory is that the City's cost of living was the same as the citizens with the additional mandates.

Commissioner Kranz said we have been discussing this issue for the past six months. We are getting off track and spending a lot of time talking about the problems rather than finding a solution. He suggested there was an urgency to get something done to recommend to the Council. Commissioner Reiland agreed.

Chairperson Ostwald said they could request a 5 year forecast and have the City Council present information at a town hall to see what the citizens think. He felt the Commission needed to find a solution and he will call for a special meeting if they can make a recommendation. He understands how passionate everyone is, but we really need to make a decision.

Chairperson Ostwald asked everyone to report what direction they would like to move toward, 1) removing the limit completely and trust the elected officials to do their jobs, 2) remove the CPI and retaining a restrictive percentage; and 3) determine if there should be a sunset clause to bring it back for review.

Commissioner Rick Nelson preferred a straight percentage cap, nothing tied to previous tax levy and no CPI with the percentage to 7%.

Commissioner Johnston preferred to remove the restriction completely and allow the City to govern under the state statute, as that what we elect them to do. If a sunset clause was in place at 3 to 5 years.

Commissioner Starck really liked the idea of having City Council making the decisions but worried how short sighted people can be without the giving things the time they need to mature and do the work they are supposed to do. She worried that in a year or two citizens will only talk about how the City Council raised their taxes without having the knowledge or understanding of why it was done. Her preference was to remove the restriction completely with a review at 3 years.

Commissioners Reynolds preferred to remove the CPI but keep the 5% restriction.

Commissioners Granroos, Walch, Kranz, and Crandall preferred to remove the CPI index, keep the 5% restriction and sunset between 3 to 5 years.

Commissioner Braam said the citizens elect the City Council to do a good job and preferred to remove the restriction completely with no sunset. He said 20 years ago the City had a little nest egg because they did such a good job at managing money. But since the restriction was put on, it has squeezed the life out of those funds.

Commissioner Findell said he liked having an index but not the CPI. He preferred a 5% limit but if need to provide the ability increase the limit with unanimous vote of council if sunset, after 5 years. He would like to see something provided by an economist about the economy and what is happening.

Commissioner Rolstad preferred the restrictions be removed, but was concerned about what percentage should be used. She said the City would be paying catch up but didn't know how long it would take. So at this time she would remove the CPI and place percentage between 5 and 7. If there was to be a sunset, a longer period of time would be needed.

Commissioner Reiland said she preferred to remove CIP and provide a cap of 7%. If a sunset, it should be longer than 5 years.

Chairperson Ostwald said he could not predict the future but felt the City Council was elected to responsibly manage the budget and not be frivolous about it. He said based his decision on his own experience and his responsibility to manage the money of his Employer. He sees it as the same for the City Manager and Department Heads. He felt that if they put a hard limit on the Council, they will be back in the future reviewing the same issue. His preference was to remove the restriction completely with no sunset.

The consensus of the Commission was to remove the CPI and to keep a percentage between 5 and 7%. After discussing whether to have a sunset or not, knowing no other chapters of the Charter had a sunset, they chose not to require one. There is an opportunity at any time to ask for information so they could review the finances at any time.

Commissioner Findell would like to see a requirement to establish a specific level of funds for depreciation that should be reinvested, similar to reserve in 2000, but not as high.

Mayor Lund said the reserves will never be able to return to what they were prior to the restriction.

Mr. Wysopal said he appreciated how much work the Commission has given to this topic. He does take his job very seriously and wants to make sure the City has the resources it needs to provide services while being reasonable about the financial picture of the City. He said the City Council would take any improvement over the current situation. He agreed with Commissioner Findell that he would love to see an index, but found they just could not find one to use. Could there be any consideration to increase the levy up to 7% if a unanimous vote was required. He asked because by the time the City Council certifies the 2018 tax levy it is September and you have to live with the figure you provide to the County afterwards. It would just give the City an opportunity to deal with issues, similar to the Workers Compensation increase of \$80,000 for 2017 that have to be paid this year but weren't budgeted for.

Commissioner Rick Nelson said he was fine between 5 and 7. If more was needed they could go to the voters to request more.

Ms. Skogen said the council would have to approve a ballot question that would go to the voters and the increase would most likely not happen for about 18 months, so it would be too late for the next budget year.

Commissioner Rolstad said after further contemplation she preferred removing the restriction completely and allowing the City Council to levy according to statute, because the City is so far behind and didn't think with a restriction the City could start saving reserve funds. She still felt that citizens could vote the City Council out if they increased the levy too high or were frivolous about it. She felt they were tying the hands of the City Council from doing their due diligence with our tax dollars so they are not having to take out more high interest loans every two to three years costing us more rather than saving and having the ability to draw out the funds when needed. It is time to stop saying taxes are hugely bad. If we all put money into the pot, it is spread out throughout the City.

Commissioner Rick Nelson MOVED and Commission Walch seconded a motion amending Section 7.02.1 that we lift the levy cap, lift CPI, 5% is the new cap, it may go to 8% with a 4/5 majority vote and visit the issue after three years to have a better understanding that the City is in a better place.

In trying to review the motion, Commissioner Crandall felt the tax levy greater than the prior year tax levy should not be removed – You would have to leave that in otherwise you would not have anything to tie it to.

After further discussion, Commission Rick Nelson AMENDED HIS MOTION to read, "...shall not to exceed in dollars, a tax levy that is greater than the prior year tax levy not to exceed 5%. However it may increase up to an additional 3% with at least four votes of the City Council."

Commissioner Reiland said if they are giving an additional 3%, or 8% in total, why weren't they comfortable just stating 8%. Why should the City Council have to jump through hoops when we say we trust them?

Commissioner Kranz said the public would probably not buy into the 8% but would buy into 5%.

Commissioner Findell said he did want to micromanage the City Council but felt there should be someone overseeing this process.

Commissioner Starck had been having a conversation with others in the community about what we want and why people want to live in this City. She said they had just sold a house in Fridley and bought another house in the City. We could have gone anywhere, but decided to stay. So talking percentages seems arbitrary, because we do not have a budget. What kind of services do we want the City to provide and what are we willing to trade for those services. None of us are wealthy and we can't just write a check to the City. But, at the end of the day I want to be able to call the police or fire, want my streets plowed as well as having other services I chose to live in this community for. A recent article from the Star Tribune cited the City of Fridley as one of the top 7 suburbs people want to move to. This is a changing community with young people who want to raise their families here. What kind of a community are they expecting and what do we want to leave for them and future generations. She discussed her trip to Copenhagen and asked about taxes, which were high. She was told they don't mind paying for those services as their community is safe. She wants to feel the same way.

Commissioner Reiland wondered how the budget process worked, if he provided a budget which included the 5% and then the City Council would decide at what percentage it would increase the levy.

Mr. Wysopal would go to the department heads and tell them what the City Council is looking for in serving the public. What do you need to provide these services? He would review the budget with the department heads, ask questions about their department's budget including cutbacks in their departments, and then provide a budget to the City Council at the lowest numbers they can. The City Council has the opportunity to change the budget and make a policy decision to increase the levy. He said once the City Council votes on the maximum levy for 2018 in September that would be the final number. It could not be increased but could be decreased. He said he would not complain about the possible amendment on the table. He said in his 30 years of service, he has never asked for a levy increase of more than 7 or 8 percent.

Commissioner Walch liked the idea of a super majority, but felt it was hard to ask politically for more than 7 or 8 percent. I like the idea that it requires at least 4 votes so if there was a minority, they could put a check on the City Council and keep the percentage at 5%.

Mr. Wysopal said he sees that as a Council dynamic and it is his job to be aware of it. It would just take one councilmember to say they are not going over 5%.

After further discussion it was determined that there did not need to be a sunset, as there are no sunsets in other chapters. Commissioner Rick Nelson felt the City Council could come to them if it wasn't working and/or the Charter Commission could ask for a review to see how it is working.

Mayor Lund asked about the percentage, the expectation set at 5%, thinking forward the City Council should be able to justify it. Some of the thinking may be if they increased it to the maximum each year, some might say see they raised and they still need more. While if they kept it low, you never needed the additional percentage.

Commissioner Crandall suggested avoiding the political views by saying the City Council just needs to ask for what they need.

Commissioner Rick Nelson called a vote on the question.

UPON A VOICE VOTE 10 COMMISSIONERS VOTED AYE AND 3 COMMISSIONERS VOTED NAY (COMMISSIONERS BRAAM, JOHNSTON, AND REYNOLDS).
CHAIRPERSON OSTWALD DECLARED THE MOTION CARRIED.

Commissioner Crandall MOVED to remove Section 7.02.2 in its entirety. There was no second so the motion failed.

Mr. Wysopal said there were other sections in the charter that conflicted with the state or county deadlines and wondered if the Charter could discuss those at the same time.

Commissioner Rick Nelson MOVED and Commissioner Gary Braam seconded a motion to have staff provide other changes that would be required where the state language presents a conflict with the Charter.

UPON A VOICE VOTE ALL VOTING AYE CHAIRPERSON OSTWALD DECARED THE MOTION CARRIED.

Chairperson Ostwald called a special meeting be held on Monday, May 15th at 7 pm in Conference Room A of the Municipal Center.

ADJOURNMENT:

Commissioner Braam MOVED and Commissioner Rolstad seconded a motion to adjourn the meeting.

UPON A VOICE VOTE, ALL VOTING AYE, CHAIRPERSON OSTWALD DECLARED THE MOTION CARRIED AND THE MEETING WAS ADJOURNED AT 8:43 P.M.

Respectfully submitted,

Debra A. Skogen, MMC
City Clerk/Staff Liaison

Commissioner Manuel Granroos
Secretary

FRIDLEY CITY CHARTER
CHAPTER 7. TAXATION AND FINANCES.

Section 7.01. COUNCIL TO CONTROL FINANCES.

The Council shall have full authority over the financial affairs of the City, and shall provide for the collection of all revenues and other assets, the auditing and settlement of accounts, and the safekeeping and disbursement of public moneys. In the exercise of a sound discretion it shall make provisions for the payment of all liabilities and expenses. The Council shall establish the fiscal year for the City.

Section 7.02. POWER OF TAXATION.

1. The City shall have, in addition to the powers by this Charter expressly or impliedly granted, all the powers to raise money by taxation pursuant to the laws of the State which are applicable to cities of the class of which it may be a member from time to time, provided that the amount of taxes levied against real and personal property within the City for general City purposes shall not exceed in dollars, a tax levy that is greater than the prior year tax levy increased not to exceed 5%. However, if necessary, it may be increased up to an additional 3% with the vote of four members of the Council. ~~by an inflationary index, or 5%, whichever is less. Said inflationary index shall be that as defined by the U.S. Department of Labor, Bureau of Labor Statistics, Consumer Price Index for all Urban Consumers in the Minneapolis, St. Paul metropolitan area. (Ref. Ord. 592, 1102 and 11/7/00 Amendment)~~

Nothing in this provision shall be construed to impair any general obligation the City may have in support of otherwise lawful indebtedness or similar obligation supported by the full faith and credit of the City, provided, however, that long-term, general obligation indebtedness shall not be used for the purpose of funding the routine and daily business operations of the City. (Ref Ord 1152)

2. The City Council may also levy a tax against real and personal property within the City in

addition to said limit as defined in paragraph 1 provided the Council shall:

- A. Adopt a resolution declaring the necessity for an additional tax levy and specifying the purposes for which such additional tax levy is required.
 - B. Hold a public hearing pursuant to three (3) weeks' published notice in the official newspaper of the City setting forth the contents of the resolution described in Subdivision A.
 - C. Adopt after such public hearing a resolution by an affirmative vote of a least four (4) members of the Council which shall be presented as a clear and concise 'plain language' ballot question at the next regular municipal election. (Ref. Ord. 592, 1102 and 11/7/00 Amendment)
 - D. The additional tax levy shall take effect if 51% of the votes cast at said election are in favor of its adoption.
3. Any other fees created, or increased beyond the limits set forth in subsection 1, shall require voter approval as stipulated in subsection 2.
- A. For the purposes of this subsection, "fees" includes sales and use taxes, ~~recycling~~ fees, gas and electric franchise fees and any other fee that produces a tax burden or direct financial obligation for all property owners and/or residents of Fridley. (Ref Ord 1152, 1244)
 - B. For the purposes of this subsection, the term "fees" does not include: ~~recycling~~, utility charges, Parks and Recreation Department participation fees, charges for photo-copying, sales of municipal liquor store products, or civil and criminal fines and other charges collected in cases of restitution or violation of law or contract. The term "fees" also does not include rental housing fees, building permit fees, liquor license fees, the extension or transfer of cable television service authority to

additional service providers for which fees are already being charged, fees for the operation of junk yards, annual license fees for the operation of pawn shops and other regulated business, and any other charge for services, including health and safety related Code enforcement, and other goods, services or materials routinely provided by the City to its citizens or other members of the public which, by law, must be limited to the actual cost of the service being provided. The term "fees" shall not include any special assessments made under Minnesota Statutes ~~Section~~ 429. (Ref Ord 1152, 1244)

- C. For the purposes of this subsection, "fee increase" includes a new tax or fee, a monetary increase in an existing tax or fee, a tax or fee rate increase, an expansion in the legal definition of a tax or fee base, and an extension of an expiring tax or fee. (Ref Ord 1152)

- D. For the purposes of this subsection, "city" includes the city itself and all its departments and agencies that are organized to exercise the "Powers of the City" as defined in Chapter 1 of this Charter. "City" shall not include any body of government owing its existence to separate constitutional or statutory authority outside of the Charter, regardless of whether that other body of government has jurisdiction or performs duties and services within the boundaries of the City. (Ref Ord 1152)

- E. For the purpose of addressing natural disasters this subsection does not apply to any specific emergency measure authorized in ~~Chapter 7~~, Section 7.08 or Minnesota Statutes Chapter 475.

Section 7.03. BOARD OF REVIEW.

The Council shall constitute a board of review and shall meet as such in the usual place for holding Council meetings to review, amend and equalize the assessed valuations ~~according to law, pursuant to Minnesota Statutes Chapter 274, and a published notice of such meeting shall be given in the~~

~~official newspaper of the City at least ten (10) days prior to the day of said meeting. (Ref. Special Election 4/12/60, Ord. 592)~~

Section 7.04. PREPARATION OF ANNUAL BUDGET.

1. The City Manager shall prepare the estimates for the annual budget which shall include any estimated deficit for the current year. The estimates of expenditures shall be submitted by each department to the City Manager. Each estimate shall be divided into three (3) major subdivisions as follows:
 - A. Salaries and Wages,
 - B. Ordinary Expenses,
 - C. Capital Outlay.

Salary detail shall show a list of all salaried officers and positions with salary allowance and number of persons holding each. Wages shall be broken down in sufficient detail to justify the request. Ordinary expenses shall be broken down into such detail as the City Manager shall direct. Capital Outlay shall be itemized as to items and amounts. (Ref. Ord. 625)

2. In parallel columns shall be added the amounts expended under similar headings for the two (2) preceding fiscal years, and, as far as practicable, the amounts expended and estimated for expenditure during the current year. In addition to estimates of expenditures, the City Manager shall prepare a detailed statement of revenues collected for the two (2) preceding completed fiscal years with amounts estimated to be collected for the current fiscal year, and an estimate of revenues for the ensuing fiscal year. The estimates shall be submitted to the Council in accordance Minnesota State Law shall be published twice in summary in the official Publication prior to November 15. (Ref. Ord. 625, Ord. 946, Ord 1318)

Section 7.05. PASSAGE OF THE BUDGET.

The estimated budget shall be a principal item of business at a regular meetings prior to the

~~deadline established in Minnesota Statutes Chapter 275, at the times required by law and at in September. The Council shall hold subsequent meetings until the budget is adopted. from time to time until all the estimates have been considered.~~ The meetings shall be so conducted as to give interested citizens a reasonable amount of time in which to be heard, and an opportunity to ask questions prior to passage of the final budget. The budget estimates shall be read in full and the City Manager shall explain the various items thereof as fully as may be deemed necessary by the Council. The adopted annual budget ~~finally agreed upon~~ shall set forth in such detail as may be determined by the City Council, the complete financial plan of the City for the ensuing fiscal year, ~~and shall be signed by the majority of the Council upon being adopted.~~ It shall indicate the sums to be raised and from what sources, and the sums to be spent and for what purposes, according to ~~the plan indicated in~~ Section 7.04. The total sum appropriated shall not exceed the total estimated revenue. The Council shall adopt the budget by resolution pursuant to Minnesota Statutes Chapter 275. ~~in accordance with State Law. The resolution shall set forth the total of the budget and the totals of the major divisions of the budget, according to the plan indicated in Section 7.04. The budget resolution as adopted.~~

Section 7.06. ENFORCEMENT OF THE BUDGET.

It shall be the duty of the City Manager to enforce strictly the provisions of the budget. The City Manager shall not approve any order upon the City Treasurer for any expenditure unless an appropriation has been made in the budget, nor for any expenditure covered by the budget unless there is sufficient unencumbered balance left after deducting the total past expenditures and the sum of all outstanding orders and encumbrances. No officer or employee of the City shall place any orders or make any purchases except for the purposes and to the amounts authorized in the budget. Any obligation incurred by any person in the employ of the City for any purpose not authorized in the budget or for any amount in excess of the amount therein authorized shall be a personal obligation upon the person incurring the expenditure. (Ref. Ord. 857)

Section 7.07. ALTERATIONS IN THE BUDGET.

After the budget shall have been duly adopted, the Council shall not have power to increase the

amounts therein fixed, whether by the insertion of new items or otherwise, beyond the estimated revenues, unless the actual receipts shall exceed such estimates, and in that event, not beyond such actual receipts. The sums fixed in the budget shall be and become appropriated at the beginning of the fiscal year for the several purposes named therein, and no other. The Council may at any time, by resolution passed by a vote of at least four (4) members of the Council, reduce salaries or the sums appropriated for any purpose by the budget, or by vote of at least four (4) members of the Council authorize the transfer of sums from the unexpended balances of the budget to other purposes. (Ref. Ord. 946)

Section 7.08. EMERGENCY APPROPRIATION IN THE BUDGET.

1. The Council shall have power to establish an emergency appropriation as a part of the budget, but not to exceed ten percent (10%) of the total budget. Transfers from the emergency appropriation to any other appropriation shall be made only by a vote of at least four (4) members of the Council.
2. The sums transferred to the several departments or divisions shall be considered as a part of such appropriations and shall be used only for the purposes determined by the city manager and approved designated by the Council.

Section 7.09. LEVY AND COLLECTION OF TAXES.

In accordance with Minnesota State Chapter 275 Law, the Council shall levy by resolution the taxes necessary to meet the requirements of the budget for the ensuing fiscal year. ~~The City Clerk shall transmit to the county auditor annually, not later than the date required by Minnesota Law, The tax levy resolution must be certified to the county pursuant to Minnesota Statutes Chapter 275.~~ Aa statement of all the taxes levied, and such taxes shall be collected and the payment thereof be enforced with and in like manner as state and county taxes. No tax shall be invalid by reason of any informality in the manner of levying the same, nor because the amount levied shall exceed the amount required to be raised for the special purpose for which the same is levied, but in that case the surplus shall go into a suspense fund, and shall be used to reduce the levy for the ensuing year.

Section 7.10. TAX SETTLEMENT WITH COUNTY.

The City Treasurer shall see to it that all moneys in the county treasury belonging to the City are promptly turned over to the City according to law.

Section 7.11. DISBURSEMENTS, HOW MADE.

All disbursements shall be made only upon the order of the City Manager ~~or designee and City Clerk~~, duly authorized by a resolution or motion of the Council, and every such order shall specify the purpose for which the disbursement is made, and indicate the fund out of which it is to be paid. Each such order shall be directed to the Treasurer, and the latter shall issue a check payable to the order of the person in whose favor the order was drawn. The Treasurer shall issue no check upon any City funds except upon such order. In the discretion of the Council the order and check may be a single instrument. No claim against the City shall be allowed unless accompanied by either an itemized bill, or a payroll, or time sheet, each of which shall be approved and signed by the responsible City officer who vouches for the correctness and reasonableness thereof. The Council may by ordinance make additional regulations for the safekeeping and disbursement of the City's funds. The Council may by resolution or motion provide for the regular payment without specific individual authorization by the Council of salaries and wages of regular employees, laborers, and fixed charges which have been previously duly and regularly incurred.

Section 7.12. FUNDS TO BE KEPT.

There shall be maintained in the City Treasury the following funds:

- A. A general fund for the payment of such expenses of the City as the Council may deem proper. Into this fund shall be paid all money not provided herein or by statute to be paid into any other fund.
- B. A debt service fund, into which shall be paid all receipts from taxes or other sources for the payment of principal and interest of all obligations issued by the City except bonds issued

on account of any local improvement to be financed wholly or partly by special assessments and bonds issued on account of any municipally owned utility. Out of this fund shall be paid the principal and interest of such obligations when due. Any surplus in such fund not needed immediately for debt service may be invested under the direction of the Council in such securities as are authorized by statute for the investment of such funds and such investments may be liquidated at any time.

C. A bond fund, into which shall be paid and disbursed the proceeds of all bonds issued by the City except bonds issued on account of any local improvement to be financed wholly or partly by special assessments and bonds issued on account of any municipally owned utility. A separate bond account shall be kept for each issue of such bonds.

D. A special assessment fund, which shall be used to finance local improvements that are to be paid for, in whole or in part, from special assessments against benefited property.

There shall be paid into this fund:

- (1) collections of special assessments, with interest, levied against benefited property;
- (2) proceeds of bonds or certificates of indebtedness sold by the City in anticipation of assessment collections and the proceeds of interfund loans;
- (3) amounts from other City funds representing either
 - (a) apportionments of costs against the City at large,
 - (b) benefit assessments against City property, or
 - (c) appropriations to maintain the integrity of the fund.

There shall be paid out of this fund:

- (1) all expenses and costs of the improvement projects that are financed through the fund;
- (2) the redemption of all special assessment fund bonds and certificates of indebtedness, with interest, at or before maturity, and any interfund loans;
- (3) transfers to the general fund of any unencumbered surplus of the fund, in the discretion of the Council; and

(4) abatements of assessments and refunds of receipts in error.

The Council shall maintain the integrity of this fund by appropriations from tax funds if necessary, and in addition may by ordinance create and maintain in the fund a cash reserve sufficient for working capital purposes. In order to anticipate the collection of special assessments the Council may by a majority vote issue and sell bonds and certificates of indebtedness, pledging the full faith and credit of the City, or pledging only special assessments, in such amounts and maturities as it may determine, regardless of the provisions of Section 7.16 of this Chapter; provided that the aggregate amount of such bonds and certificates outstanding at any time shall not exceed the sum of the following;

- (a) all assessments levied and uncollected;
- (b) assessable cost of work in progress; and
- (c) the cash reserve for working capital as previously determined by ordinance.

In order that the fund may be administered on a self-sustaining basis, all improvement projects financed through it shall upon completion be certified by the City Manager as to total cost, which shall thereupon be apportioned by the Council either as assessments against benefited property or as amounts due from other City funds. Amounts apportioned against other City funds shall be due not later than the dates of adoption of the corresponding assessment rolls, shall be charged interest as in the case of assessments and shall be paid into the fund, with any interest due, not later than one (1) year after the due dates.

- E. A public utility fund into which shall be paid all money derived from the sale of bonds issued on account of any municipally owned utility and all money derived from the sale of utility services, and from the sale of any property acquired for or used in connection with any such utility. There shall be paid out of this fund the cost of the purchase, construction, operation, maintenance and repair of such utility, including the principal of and interest upon obligations which have been or shall be issued on its account. Separate accounts within the public utility fund shall be kept

for all utilities which are operated separately.

F. In addition to the foregoing funds, there may be maintained in the City Treasury, whenever the Council deems it advisable, the following funds:

(1) A working capital or revolving fund, for financing self-sustaining activities not accounted for through other funds.

(2) A trust and agency fund, for the care and disbursement of money received and held by the City as trustee or custodian or in the capacity of an agent for individuals or other governmental units.

(3) Such other funds as may be required by statute or ordinance. In lieu of establishing any of the three (3) foregoing types of funds, Subsections 1, 2, and 3, the Council may provide for the recording of operations or activities for which the use of such funds might be suitable through the maintenance of separate accounts in any appropriate fund already established. The Council shall have full power to make by duly adopted ordinance such interfund loans, except from funds held under Subsection 2 hereof, as it may deem necessary and appropriate from time to time.

Section 7.13. RECEIPTS TO GO TO CITY TREASURER.

All receipts of money belonging to the City, or any branch thereof, excepting only those funds collected by the County Treasurer, shall be paid to the City Treasurer by the person authorized to receive the same. All such moneys, and also all moneys received upon tax settlements from the County Treasurer, shall be deposited as soon as possible in a bank or banks approved by the City Council, subject to state laws regulating the designation of depositories for municipal funds.

Section 7.14. ACCOUNTS AND REPORTS.

The City Manager shall be the Chief Accounting Officer of the City and of every branch thereof, and the Council may prescribe and enforce proper accounting methods, forms, blanks, and other devices consistent with the law, this Charter and the ordinances in accord with it. The City Manager shall submit to the Council a statement each month showing the amount of money in the custody of the City Treasurer, the status of all funds, the amount spent or chargeable against each of the annual budget allowances and the balances left in each and such other information relative to the finances of the City as the Council may require. The Council may at any time and shall annually provide for an audit of the City finances by a certified public accountant or by the department of the State authorized to make examination of the affairs of municipalities. On or before the first day of April in each year the City Manager shall prepare a complete financial statement in form approved by the Council of the City's financial operations for the preceding calendar year, and quarter, which statement may be published in such manner as the Council may direct and a summary thereof shall be published in the official newspaper on or before the third week in April, July, October and January as appropriate. (Ref. Ord. 625, Ord. 857)

Section 7.15. BONDED DEBT AND DEBT LIMIT.

1. In addition to all the powers in respect to borrowing and the issuance of bonds and other obligations for the payment of money specifically or impliedly granted by this Charter, and any amendments thereto, the City shall have all the powers in reference to these subject matters granted to cities of its same class by the laws of the State of Minnesota in force from time to time. The City shall have the power to issue and sell its bonds to the State of Minnesota and to comply with all provisions of law relative to loans to municipalities from the permanent State funds. The City shall also have such powers as are necessary to obtain loans or funds from the Government of the United States and any of its instrumentalities or from the State of Minnesota or any of its instrumentalities, and to comply with all provisions of law relative to obtaining such loans or funds.
2. The Council by a vote of at least four (4) of its members may authorize the issuance of the

bonds to provide funds for any public purpose not prohibited by law, or may in its discretion, by a majority vote of all of its members submit to the electorate propositions for the issuance of such bonds. When such a proposition is submitted to the electorate, no bonds or other term obligations of the City may be issued except pursuant to a favorable vote of a majority of those voting on the proposition of their issuance. By the proceedings for the issuance of any bonds, by the terms of the bonds and by agreements with the purchasers of bonds, they may be made special in character and limited in their payment to earnings or to part earnings and part tax funds. To the extent that they are thus payable out of earnings or other than tax funds, such bonds shall not be paid out of taxes. The total bonded debt of the City at the time of the issuance of any bonds shall not exceed ten percent (10%) of the last assessed valuation of the taxable property therein, or the limit authorized by State law for cities of the same class, whichever is the greater, but in computing the total bonded debt, certificates of indebtedness, bonds, warrants or other obligations issued before or after adoption of this Charter shall not be included or counted if

- (a) held in a sinking fund maintained by the City; or
- (b) issued for the acquisition, equipment, purchase, construction, maintenance, extension, enlargement or improvement of street railways, telegraph or telephone lines, water, lighting, heat and power plants, or either, or any other public convenience from which a revenue is or may be derived, owned and operated by the City, or the acquisition of property needed in connection therewith, or for the construction of public drainage ditches, storm and sanitary sewers, or for the acquisition of lands for streets, parks, or other public improvements or for the improvement thereof, to the extent that they are payable from the proceeds of assessments levied upon property especially benefited by such improvements; or
- (c) issued for the creation of maintenance of a permanent improvement revolving fund; or
- (d) for the purpose of anticipating the collection of general taxes for the year in which issued. (Ref. Ord. 857)

Section 7.16. FORM AND REPAYMENT OF BONDS.

No bonds shall be issued to run for longer than the reasonable life expectancy of the property or improvement for which the bonds are authorized, as ascertained and set forth in the resolution authorizing such bonds, and in no case shall bonds be issued to run for more than thirty (30) years. The purposes for which bonds are authorized shall be set forth in the resolution authorizing them and the proceeds from such bonds shall not be diverted to any other purpose. It shall be the duty of the City Manager to include in the budget estimates each year a sum or sums amply sufficient to pay the principal of, and the interest on, any bonds which are to fall due in the coming fiscal year, and another sum sufficient to pay the interest for the same year on the Bonds which will be still outstanding. It shall be the duty of the Council, enforceable by mandamus upon the suit of any bondholder or taxpayer, to include such sum or sums as may be necessary for this purpose in the

annual budget which it passes. (Ref. Ord. 857)

Section 7.17. DEBT AND TAX ANTICIPATION CERTIFICATES.

1. If in any year, the receipts from taxes or other sources should from some unforeseen cause become insufficient for the ordinary expenses of the City, as provided for in the budget, or if any calamity or other public emergency should subject the City to the necessity of making extraordinary expenditures, then the Council may authorize the sale by the City Treasurer of emergency debt certificates to run not to exceed eighteen (18) months and to bear interest at not more than allowable by State Statutes. A tax sufficient to redeem all such certificates at maturity shall be levied as part of the budget of the following year. The authorization of an issue of such emergency debt certificates shall take the form of an ordinance approved by at least four (4) of the members of the Council; the ordinance may, if deemed necessary, be passed as an emergency ordinance. (Ref. Ord. 592)

2. For the purpose of providing necessary moneys to meet authorized expenditures, the Council may issue certificates of indebtedness in any year prior to the receipt of taxes payable in such year, on such terms and conditions as it may determine, bearing interest at a rate not more than allowable by State Statutes; provided that such certificates outstanding at any one time shall not exceed forty percent (40%) of the tax levy payable in the current year belonging to the fund for the benefit of which the borrowing is authorized. (Ref. Ord. 592)

Section 7.18. BONDS OUTSIDE THE DEBT LIMIT.

Without limit as to amount, the Council may issue bonds for legal purposes outside of the debt limit:

- (a) for the creation and maintenance of a permanent improvement revolving fund,
- (b) for extending, enlarging, or improving water supply system, lighting and heat and power plants, or either, or other revenue-producing public utilities of whatever nature, owned and operated by the City, or of acquiring property needed in connection therewith,
- (c) for public improvements payable from special assessments. The Council may also purchase equipment for street department, water or sewer utility, or fire department use on conditional sale contracts, provided that the installment payments do not extend beyond the estimated useful life of the equipment so purchased.

ORDINANCE NO. ____

**AN ORDINANCE AMENDING FRIDLEY CITY CODE CHAPTER 7.
TAXATION AND FINANCES**

The Fridley City Charter has reviewed, discussed and recommended an amendment of the City Charter by Ordinance to the City Council on May 15, 2017.

The Fridley City Council hereby finds after review, examination and recommendation of the Charter Commission and staff that Fridley City Charter Chapter 7 related to taxation and finances be hereby amended and ordains as follows:

**FRIDLEY CITY CHARTER
CHAPTER 7. TAXATION AND FINANCES.**

SECTION 1: THAT SECTION 7.02.1 BE HEREBY AMENDED AS FOLLOWS:

Section 7.02. POWER OF TAXATION.

1. The City shall have, in addition to the powers by this Charter expressly or impliedly granted, all the powers to raise money by taxation pursuant to the laws of the State which are applicable to cities of the class of which it may be a member from time to time, provided that the amount of taxes levied against real and personal property within the City for general City purposes shall not exceed in dollars, a tax levy that is greater than the prior year tax levy increased not to exceed 5%. However, if necessary, it may be increased up to an additional 3% with the vote of four members of the Council. ~~by an inflationary index, or 5%, whichever is less. Said inflationary index shall be that as defined by the U.S. Department of Labor, Bureau of Labor Statistics, Consumer Price Index for all Urban Consumers in the Minneapolis, St. Paul metropolitan area. (Ref. Ord. 592, 1102 and 11/7/00 Amendment)~~

Nothing in this provision shall be construed to impair any general obligation the City may have in support of otherwise lawful indebtedness or similar obligation supported by the full faith and credit of the City, provided, however, that long-term, general obligation indebtedness shall not be used for the purpose of funding the routine and daily business operations of the City. (Ref Ord 1152)

SECTION 2: THAT SECTION 7.02.3 BE HEREBY AMENDED AS FOLLOWS:

3. Any other fees created, or increased beyond the limits set forth in subsection 1, shall require voter approval as stipulated in subsection 2.
 - A. For the purposes of this subsection, "fees" includes sales and use taxes, ~~recycling~~ fees, gas and electric franchise fees and any other fee that produces a tax burden or direct financial obligation for all property owners and/or residents of Fridley. (Ref Ord 1152, 1244)

- B. For the purposes of this subsection, the term "fees" does not include: recycling, utility charges, Parks and Recreation Department participation fees, charges for photo-copying, sales of municipal liquor store products, or civil and criminal fines and other charges collected in cases of restitution or violation of law or contract. The term "fees" also does not include rental housing fees, building permit fees, liquor license fees, the extension or transfer of cable television service authority to additional service providers for which fees are already being charged, fees for the operation of junk yards, annual license fees for the operation of pawn shops and other regulated business, and any other charge for services, including health and safety related Code enforcement, and other goods, services or materials routinely provided by the City to its citizens or other members of the public which, by law, must be limited to the actual cost of the service being provided. The term "fees" shall not include any special assessments made under Minnesota Statutes ~~Section~~ 429. (Ref Ord 1152, 1244)
- C. For the purposes of this subsection, "fee increase" includes a new tax or fee, a monetary increase in an existing tax or fee, a tax or fee rate increase, an expansion in the legal definition of a tax or fee base, and an extension of an expiring tax or fee. (Ref Ord 1152)
- D. For the purposes of this subsection, "city" includes the city itself and all its departments and agencies that are organized to exercise the "Powers of the City" as defined in Chapter 1 of this Charter. "City" shall not include any body of government owing its existence to separate constitutional or statutory authority outside of the Charter, regardless of whether that other body of government has jurisdiction or performs duties and services within the boundaries of the City. (Ref Ord 1152)
- E. For the purpose of addressing natural disasters this subsection does not apply to any specific emergency measure authorized in ~~Chapter 7~~, Section 7.08 or Minnesota Statutes Chapter 475.

SECTION 3: THAT SECTION 7.03 BE HEREBY AMENDED AS FOLLOWS:

Section 7.03. BOARD OF REVIEW.

The Council shall constitute a board of review and shall meet as such in the usual place for holding Council meetings to review, amend and equalize the assessed valuations ~~according to law, pursuant to Minnesota Statutes Chapter 274. -and a~~ published notice of such meeting shall be given in the official newspaper of the City at least ten (10) days prior to the day of said meeting. (Ref. Special Election 4/12/60, Ord. 592)

SECTION 4: THAT SECTION 7.05 BE HEREBY AMENDED AS FOLLOWS:

Section 7.05. PASSAGE OF THE BUDGET.

The estimated budget shall be a principal item of business at a regular meetings prior to the deadline established in Minnesota Statutes Chapter 275, at the times required by law and at in September. The Council shall hold subsequent meetings until the budget is adopted. from time to time until all the estimates have been considered. The meetings shall be so conducted as to give interested citizens a reasonable amount of time in which to be heard, and an opportunity to ask questions prior to passage of the final budget. The budget estimates shall be read in full and the City Manager shall explain the various items thereof as fully as may be deemed necessary by the Council. The adopted annual budget ~~finally agreed upon~~ shall set forth in such detail as may be determined by the City Council, the complete financial plan of the City for the ensuing fiscal year, ~~and shall be signed by the majority of the Council upon being adopted.~~ It shall indicate the sums to be raised and from what sources, and the sums to be spent and for what purposes, according to ~~the plan indicated in~~ Section 7.04. The total sum appropriated shall not exceed the total estimated revenue. The Council shall adopt the budget by resolution pursuant to Minnesota Statutes Chapter 275, in accordance with State Law. The resolution shall set forth the total of the budget and the totals of the major divisions of the budget, according to the plan indicated in Section 7.04. The budget resolution as adopted.

SECTION 5: THAT SECTION 7.08 BE HEREBY AMENDED AS FOLLOWS:

Section 7.08. EMERGENCY APPROPRIATION IN THE BUDGET.

1. The Council shall have power to establish an emergency appropriation as a part of the budget, but not to exceed ten percent (10%) of the total budget. Transfers from the emergency appropriation to any other appropriation shall be made only by a vote of at least four (4) members of the Council.
2. The sums transferred to the several departments or divisions shall be considered as a part of such appropriations and shall be used only for the purposes determined by the city manager and approved designated by the Council.

SECTION 6: THAT SECTION 7.09 BE HEREBY AMENDED AS FOLLOWS:

Section 7.09. LEVY AND COLLECTION OF TAXES.

In accordance with Minnesota State Chapter 275 Law, the Council shall levy by resolution the taxes necessary to meet the requirements of the budget for the ensuing fiscal year. ~~The City Clerk shall transmit to the county auditor annually, not later than the date required by Minnesota Law, The tax levy resolution must be certified to the county pursuant to Minnesota Statutes Chapter 275.~~ A statement of all the taxes levied, and such taxes shall be collected and the payment thereof be enforced with and in like manner as state and county taxes. No tax shall be invalid by reason of any informality in the manner of levying

the same, nor because the amount levied shall exceed the amount required to be raised for the special purpose for which the same is levied, but in that case the surplus shall go into a suspense fund, and shall be used to reduce the levy for the ensuing year.

SECTION 7: THAT SECTION 7.11 BE HEREBY AMENDED AS FOLLOWS:

Section 7.11. DISBURSEMENTS, HOW MADE.

All disbursements shall be made only upon the order of the City Manager or designee and ~~City Clerk~~, duly authorized by a resolution or motion of the Council, and every such order shall specify the purpose for which the disbursement is made, and indicate the fund out of which it is to be paid. Each such order shall be directed to the Treasurer, and the latter shall issue a check payable to the order of the person in whose favor the order was drawn. The Treasurer shall issue no check upon any City funds except upon such order. In the discretion of the Council the order and check may be a single instrument. No claim against the City shall be allowed unless accompanied by either an itemized bill, or a payroll, or time sheet, each of which shall be approved and signed by the responsible City officer who vouches for the correctness and reasonableness thereof. The Council may by ordinance make additional regulations for the safekeeping and disbursement of the City's funds. The Council may by resolution or motion provide for the regular payment without specific individual authorization by the Council of salaries and wages of regular employees, laborers, and fixed charges which have been previously duly and regularly incurred.

PASSED AND ADOPTED BY THE CITY COUNCIL OF THE CITY OF FRIDLEY THIS ____ DAY OF _____ 2017.

Scott J. Lund, Mayor

ATTEST:

Debra A. Skogen, City Clerk

Public Hearing:
First Reading:
Second Reading:
Publication:



AGENDA ITEM CHARTER COMMISSION MEETING OF MAY 15, 2017

To: Wally Wysopal, City Manager
Deb Skogen, City Clerk

From: Shelly Peterson, Finance Director

Date: May 8, 2017

Re: Recommendations for Chapter 7 of Charter

As requested, staff has reviewed chapter 7 of the City's Charter to determine if some of the areas could be revised or omitted. We have consulted the State Auditors guidelines, League of Minnesota Cities recommendations, compared to other accounting standards (GASB and GAAP specifically) and referenced neighboring communities charters. The recommendations suggested will help staff to efficiently and effectively operate without having to compare the Charter to other rules and guidelines and help prevent conflicts in interpretation. Our goal was to make suggestions that allow this chapter to be a timeless guide.

Section 7.04

This section discusses the preparation of the budget in general terms. The accounting requirements are unique to the fund type. Staff recommend this section be modified to specify the fund types requiring a budget in the format defined. In addition, some funds do not prescribe to the format outlined so adding text that will allow the City Manager to present other fund types in an understandable format is suggested.

In addition, #2 under 7.04 outlines a specific publishing format, frequency and deadlines. Today, notification to taxpayers is done through the Truth in Taxation legislation which requires each parcel receive notification of their proposed taxes and hearing dates. The City follows Statute 275 and the Department of Revenue establishes the dates and notification requirements each year. Staff recommends this section be omitted, suggested text could be:

Notification of proposed property taxes and annual budget will be prepared in accordance with Minnesota Statutes Chapter 275.

7.07

Staff recommends an additional paragraph addressing transfers between funds:

At the request of the City Manager, the Council may transfer unencumbered appropriations from one organizational unit to another. All appropriations shall lapse at the end of the budget period to the extent that they shall have not been expended or lawfully encumbered.

7.12

Staff suggests this section be significantly consolidated and not list specific reference to fund names or specific detail to how those funds function. In reviewing other charters and accounting standards staff recommends this section be modified to always remain in compliance with current accountings laws and standards. The edits suggested would condense this section to one paragraph.

There shall be maintained by the City Manager a classification of funds which shall provide for a general fund and funds required by law, ordinance or the resolution and meet generally accepted accounting standard and procedures. The Council may, by resolution, make inter-fund loans where permitted by law except from funds held by the City as a trustee or custodian or in the capacity of an agent.

7.14

Staff recommends this section be modified to allow conformance to dates and formats as required by State law.

The accounts of the city shall be maintained in accordance with generally accepted governmental accounting standards and procedures. The City Manager shall submit such reports as will be necessary in order to keep the Council fully informed of the financial conditions of the City. Once a year in accordance with Minnesota Statutes Chapter 471, the City Manager shall submit a complete financial report of the City, for the preceding fiscal year. This report shall contain audited financial statements and disclosures which present the City's financial position. A summary of the report shall be published in the official newspaper in a format consistent with State Auditor requirements.

7.15, 7.16 & 7.18

After reviewing several other charters and consulting our bond attorney, staff recommends changes to the debt section to reduce the potential for error when comparing to State law. The State has significant and detailed indebtedness laws. Each bond type has its own rules for borrowing, payments and how funds are held. Some bonds have their own limits outside the State imposed legal debt limit. In addition, State law is more restrictive than the limit established in the Charter. If approved by the Commission this section could be reduced to one or two paragraphs.

- 1. Except as provided in Sections 7.17 and 7.18, no obligation shall be issued to pay current expenses, but the Council may issue and sell obligations for any other municipal purpose in accordance with state law and within the limitations prescribed by law (Minnesota Statutes Chapter 429).*

2. *The Council by a vote of at least four (4) of its members may authorize the issuance of the bonds to provide funds for any public purpose not prohibited by law, or may in its discretion, by a majority vote of all of its members submit to the electorate propositions for the issuance of such bonds. When such a proposition is submitted to the electorate, no bonds or other term obligations of the City may be issued except pursuant to a favorable vote of a majority of those voting on the proposition of their issuance.*

7.17

During the course of this project staff identified a section commonly found in other Charters for Emergency Debt Certificates to address unforeseen events. The commission may want to consider splitting out 7.17 to allow for Tax Anticipation Certificates separate from Emergency Debt Certificates. A tax anticipation certificate is an advance on taxes already levied. An emergency certificate is the ability to borrow and levy in the future due to an extraordinary event.

Section 7.17. TAX ANTICIPATION CERTIFICATES.

In a manner consistent with Minnesota Statutes chapter 412, at any time after January 1, following the making of an annual tax levy, the council may issue certificates of indebtedness in anticipation of the collection of taxes levied for any fund and not yet collected. The total amount of the certificates issued against any fund for any year with interest thereon until maturity shall not exceed ninety percent (90%) of the total current taxes for the fund uncollected at the time of the issuance. Such certificates shall be issued on such terms and conditions as the Council may determine but they shall become due and payable not later than the 1st day of April of the year following their issuance. The proceeds of the tax levied for the fund against which tax anticipation certificates are issued and the full faith and credit of the City shall be irrevocably pledged for the redemption of the certificates in the order of their issuance against the fund.

Section 7.1_. EMERGENCY DEBT CERTIFICATES.

If in any year, the receipts from taxes or other sources should from some unforeseen cause become insufficient for the ordinary expenses of the City, as provided for in the budget, or if any calamity or other public emergency should subject the City to the necessity of making extraordinary expenditures, then the Council may by resolution, issue and sell certificates. A tax sufficient to pay principal and interest on such certificates with the margin required by law shall be levied as required by law. The authorization of an issue of such emergency debt certificates shall take the form of a resolution approved by at least four (4) of the members of the Council. It may be passed as an emergency resolution and would be exempt from voter approval.

The recommendations listed above are designed to allow the Charter to always remain current when compared to law by eliminating specific accounting details, such as fund names and debt mechanisms along with date and publication format requirements.