1. CALL TO ORDER

2. TOPICS
   A. Financial Plan and budget goals
   B. Lodging tax
   C. Set future Study Sessions

3. ADJOURN
The purpose of this study session is to kick-off the 2018-2019 Biennial Budget process and to identify City Council financial goals. Input from the Council will be used by the City Manager and departments as the detailed budget is developed. At this time, staff plans to distribute the first formal draft of the budget to the Council on August 4.

Revenue Assumptions
There are a number of revenue assumptions that staff will use as it develops the budget. These assumptions include:

- Market Value Gains from New Growth. In the past year, the City has seen about 1.52% in new market value growth. This new growth will mitigate the impacts of growth related services.
- Market Value Gains from Rising Property Values. In the past year, the City has seen about 3.72% in market value gains from rising property values (inflationary growth).
- Building Permit Revenue. Building permit revenue will generally continue on the same trend as previous years.
- Investment Earnings. Investment earnings will continue on the current trend of about 1.5% per year. Staff will continue to monitor market trends and anticipates earnings may be slightly higher if the market increases interest rates, but are not comfortable increasing this budget revenue at this time.

Expenditure Assumptions
There are a number of expenditure assumptions that staff will use as it develops the budget. These assumptions include:

- Service Level Stability. Generally, staff anticipates presenting a draft budget with stable service levels across all departments.
- Personnel Expense. Personnel expense represents approximately 60% of the General Fund Budget. At this time, staff anticipates several new positions to be presented to the Council. Each proposed position will be carefully vetted prior to the draft budget. As a benchmarking tool, we continue to track employees per one-thousand residents and are projected to stay within the same ratio as years past.
- Health Insurance. Last year, staff negotiated a renewal with Medica – but will issue a request for proposals for 2018 health coverage, as required by state law. While this should yield competitive rates, the first draft of the proposed budget is planned to carry a contingency cost increase that will be adjusted accordingly if rates come in lower.
- Street Replacement Levy. The Street Replacement Levy continues to fund about half of our street reconstruction and mill and overlay expense. Through our capital improvement planning, staff believes that the current levy trajectory is sufficient for our current plan.
- Park Replacement Levy. The Park Replacement Levy has been lagging behind replacement needs identified in our capital improvement planning. Staff will present a more detailed analysis of the replacement needs and funding levels through the budget process, but anticipates this levy will be proposed for a larger than normal increase for the next several years.
- Capital Improvement Planning. Staff anticipates general stability in our capital improvement planning from prior years.

Other Considerations
There are a number of areas in which staff anticipates there will be further deliberation needed through the budget process. These areas include:

- **Surplus.** At this point in time, staff is estimating the 2016 Surplus to be about $1.8 million. Additionally, there will be about $650,000 available from the recent property sale to Xcel Energy.

- **Frequency and Quality of Services.** If the Council has initiatives it would like to see included in budget discussions, staff would seek that input as part of this preliminary budget discussion. This will allow some time for costing and planning, if necessary.

- **Utility Funds.** Each year, the City updates Utility Fund revenues and expenditures through a Utility Rate Study. Those rates are included in the budget development.

- **Market Lag.** When new homes are constructed, there is an approximate two year lag between when the property demands service and when it pays full taxes. This has been accounted for in our financial modeling, but there are instances in which growth temporarily outpaces tax revenues.

Staff plans to present potential levy scenarios during the meeting with our Ten Year Financial modeling tool.
To: Mayor and Council

Prepared by: Dave Callister, City Manager

Reviewed by:

Item: Set Future Study Sessions

Pending Study Session Topics (at least three Council members have approved the following study items on the list):

- HOA turnover and stormwater drainage between plats
- Vicksburg Lane median proposals

Other Council requests for Study Session Topics:

None at this time.

Staff’s requests for Study Sessions:

- Quarterly City Manager’s Update (suggested date - June 27th following regular Council meeting)
- EDA – meeting with brokers
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Planning Commission Meeting
Council Chambers | 7:00 PM
Park & Rec
Advisory Commission (PRAC) Meeting
Plymouth Creek Center | 7:00 PM
Housing and Redevelopment Authority (HRA) Meeting
Medicine Lake Room | 7:00 PM
Environmental Quality Committee (EQC) Meeting
Medicine Lake Room | 7:00 PM
Ribbon Cutting
Northwest Greenway
Vicksburg Lane Pedestrian Bridge | 7:00 PM
Music in Plymouth
5K Run/Walk
Hilde Performance Center |
| 5:30 PM
Special Council Meeting
Review future trail projects
Medicine Lake Room | 7:00 PM
Regular Council Meeting
Council Chambers | 12:30 PM
SPECIAL COUNCIL MEETING
Review future trail projects
Medicine Lake Room | 7:00 PM
Regular Council Meeting
Council Chambers | 7:00 PM
Planning Commission Meeting
Council Chambers | 5:30 PM
Special Council Meeting
Police Body-Worn Cameras
Medicine Lake Room | 7:00 PM
Planning Commission Meeting
Council Chambers | 7:00 PM
Housing and Redevelopment Authority (HRA) Meeting
Medicine Lake Room | 5:30 PM
Special Council Meeting
Police Body-Worn Cameras
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Regular Council Meeting
Council Chambers |

**Official City Calendar**

3400 Plymouth Boulevard
Plymouth, MN  55447

Phone: 763-509-5000  
Fax: 763-509-5060
# Official City Calendar

**July 2017**

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**SUN  MON  TUES  WED  THU  FRI  SAT**

**INDEPENDENCE DAY**
**CITY OFFICES CLOSED**

**5:30 PM - 10:30 PM**
**Music in Plymouth**
**Hilde Performance Center**

**7:00 PM**
**ENVIRONMENTAL QUALITY COMMITTEE (EQC) MEETING**
**Medicine Lake Room**

**7:00 PM**
**PLANNING COMMISSION MEETING**
**Council Chambers**

**7:00 PM**
**REGULAR COUNCIL MEETING**
**Council Chambers**

**7:00 PM**
**HOUSING AND REDEVELOPMENT AUTHORITY (HRA)MEETING**
**Medicine Lake Room**

**INDEPENDENCE DAY**
**CITY OFFICES CLOSED**

**30 Plymouth Boulevard**
**Plymouth, MN 55447**

**OFFICIAL CITY CALENDAR**

Phone: 763-509-5000
Fax: 763-509-5060

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1. **6:00 PM** SPECIAL COUNCIL MEETING, Medicine Lake Room
2. **7:00 PM** REGULAR COUNCIL MEETING, Council Chambers
3. **5:30 PM - 8:30 PM** Kids Fest, Hilde Performance Center
4. **7:00 PM** ENVIRONMENTAL QUALITY COMMITTEE (EQC) MEETING, Medicine Lake Room
5. **6:00 PM** SPECIAL COUNCIL MEETING, Budget and CIP, Medicine Lake Room
6. **7:00 PM** PLANNING COMMISSION MEETING, Medicine Lake Room
7. **7:00 PM** ENVIRONMENTAL QUALITY COMMITTEE (EQC) MEETING, Medicine Lake Room
8. **5:30 PM** SPECIAL COUNCIL MEETING, Budget and CIP, Medicine Lake Room
9. **7:00 PM** REGULAR COUNCIL MEETING, Council Chambers
10. **7:00 PM** PLANNING COMMISSION MEETING, Council Chambers
11. **7:00 PM** ENVIRONMENTAL QUALITY COMMITTEE (EQC) MEETING, Medicine Lake Room
12. **7:00 PM** HOUSING AND REDEVELOPMENT AUTHORITY (HRA) MEETING, Medicine Lake Room
13. **6:00 PM** SPECIAL COUNCIL MEETING, Budget and CIP (if needed), Medicine Lake Room
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