

**CITY OF FALCON HEIGHTS**  
City Council Special Workshop  
City Hall  
2077 West Larpenteur Avenue

**MINUTES**  
Wednesday, August 28, 2024  
7:30 P.M.

A. CALL TO ORDER: 7:33 PM

B. ROLL CALL:           GUSTAFSON\_X\_\_ LEEHY\_\_  
                                  MEYER\_\_ MIELKE\_X\_\_ WASSENBERG\_X\_\_

STAFF PRESENT:    LINEHAN\_X\_\_ VAN DER WERFF\_X\_\_ OLSON\_X\_\_

C. POLICY ITEMS:

1. 2025 Proposed Budget: Workshop #2

Linehan explains staff is getting close to getting the budget finalized. This week they will discuss special revenue funds and enterprise funds. Special revenue funds are dedicated purposes that are separate from the General Fund but are not enterprise (business-type) funds.

a. Special Revenue Funds

- 201 - Park Programs - used for classes and other programming parts of parks, not maintenance of the park.
  - Increase in class revenue (10%)
  - Increase in staffing cost (11%)
- 202 - Charitable Gambling
  - Roseville Area Hockey pull-tabs at Stout's (10k in revenue)
  - 3% expenses (7k)
  - Will need to determine a charitable donation.
- 203 - Community Garden
  - No changes. No active plans for expansion.
- 204 - Water - water system was sold to the City of ST. Paul. Collect a portion of a fee on the water bill for water hydrants.
  - No major changes. It has a big fund balance and this was transferred to Community Park as the City has no major expenses other than for the hydrants.
- 205 - Community Park Rentals Fund (NEW) - used to track Community Park rental revenue/cost. Budget conservatively.
- 206 - Recycling - used to collect recycling fees on the water bill and issued to pay recycling costs.
  - An increase in recycling rates (9.6%)
  - Increase in recycling cost (11.6%)
  - Also has a big fund balance, which could be used for a major recycling project. Mielke suggested an annual Shred-it event.

- 208 – Community & Economic Development - Inactive, but can be used if major developments occur to collect escrow from developers.
- 209 – Street Lighting
  - Stagnant revenue (42k annually)
  - Increase in electricity cost (11% increase)
  - Revenues are stagnant and costs are going up. Might have to look at increasing fees at some point.
- 210 – Community Inclusion – used for inclusion activities.
  - This fund gets revenue from a transfer from the general fund. Linehan recommends a 10k transfer for 2025 to keep it at 30k fund balance.
  - Mielke suggests an annual survey that was part of the inclusion intern’s report
  - Leehy would like to have more programming with Third Sphere.

Mielke wonders about revenue from City Hall rentals, where does that go? Olson explains it goes into the general fund and is part of City Hall maintenance. She also wonders how classes and instructors are paid. Linehan answers the City collects fees and then pays a majority to the instructor, but keeps a certain percentage.

Gustafson notes that the special revenue funds are helpful in tracking costs. He wonders if more money could be transferred throughout the year. Linehan explains there are various options, council could also amend the budget throughout the year. Throughout the year, staff can also determine to use funds from the special revenue if that fits better.

Olson explains enterprise funds are run like a business, they do not have a fund balance but have a net position. Because it is an enterprise fund, the city keeps cash flows for each fund.

b. Enterprise Funds

- Utility Use Fees – Linehan explains Falcon Heights has consistently small increases in fees for services in enterprise funds. Even if this is not needed every year, this avoids spikes and keeps bills constant instead of imposing a big increase.
  - 601 - Sanitary Sewer - MET Council is decreasing the fee by 4%. Their charges have increased significantly over the past years. Now that it normalized, the increases will be more stagnant.
  - Expenditures: 4% over budget, new truck was charged out of this account. 21% increase in 2025:
    - Increased salary chargebacks to sanitary sewer fund for the assistant finance director.
    - Increase of \$50,000 for the sanitary sewer lining project.
    - Increase of \$150,000 for 2025 PMP. Linehan is unsure if they will include sanitary sewer updates. Linehan explains funds have been transferred for the Community Park building. It’s still a healthy fund and after sewer lining projects are done, this will lower capital costs over time.
  - Revenue, 1% over budget in 2024, 11% increase in 2025 due to the

proposed \$0.25 per month sanitary sewer rate increase. The current rate is \$37.75 per quarter; proposed rate is \$38.50 per quarter.

Linehan shows cash flow sheets to explain why it's beneficial to gradually increase fees. Wassenberg agrees as the city can budget for projects. The Council discusses the difference between variable and fixed fees for sanitary usage.

Mielke wonders about billing the State Fair and U of M and their sanitary sewer charges. Olson explains that he manually bills both of them as they are unique.

- 602 - Storm Drainage – this gets charged on a rate basis; not variable, just a flat rate. Recommending a small increase as well to stay consistent.
  - The current rate is \$27.50 per quarter. The proposed rate is \$28.25 per quarter. An increase of 2%.
  - Revenue: 0% in 2024; 3% increase in 2025
  - Expenditures: \$50K for Falcon Woods 2025 PMP.
- Recycling fund user charge (Special Revenue Fund)
  - Current rate \$4.75 (\$14.25 per quarter)
  - Proposed rate: \$5.25 (\$15.75 per quarter), this is to cover the increase of the Tennis Sanitation contract. There is no variable rate. As recently discussed, the City remains low in its recycling rates compared to other municipalities. Linehan does acknowledge that percentage-wise this is a big increase.

Mielke suggests a contribution to HOME Line, maybe as a charitable donation from the charitable gambling fund.

Gustafson acknowledges that the funds are in good shape and thanks staff. Linehan thanks the Council for support and he states some of them are used, but all with a good plan and they remain healthy.

Linehan explains next up is the Capital Fund and Debts and then they will circle back to the General Fund to provide final numbers. Gustafson wonders if more numbers are known from the County and the State. Linehan and Olson inform the Council that numbers are known and they look positive for Falcon Heights.

## 2. Police Partnership Discussion

Linehan explains Falcon Heights has been working towards a long-term police contract with St. Anthony. As determined earlier, they won't be able to provide coverage at the start of 2025. New Brighton expressed interest in providing policing, but after internal discussion determined they are looking for a long-term contract and not for one year. The staff burnout that would occur without recruiting based on a long-term contract would be too steep of a hurdle to bypass for one year. In September, St. Anthony and Falcon Heights are supposed to start discussing contract pricing.

Wassenberg understood why the short-term coverage was not feasible for New Brighton. Most cities are getting into longer-term contracts, which does not provide a logical partner for New Brighton.

Mielke wonders about the next steps. New Brighton is a good opportunity for Falcon

Heights, but after all the groundwork that was done with St. Anthony, it would not feel right to end discussions with St. Anthony. Gustafson notes there were assumptions that RCSO wouldn't cover us, but there was never an official ask. It would be beneficial to get an official statement from RCSO regarding 2025 coverage.

Gustafson suggests an RFP for the bridge year and beyond. That would be a way to get a firm commitment from St. Anthony. There is no guarantee that they will be able to do it, even though a lot of capital and emotion was invested, staffing may remain a challenge.

Mielke feels they already suggested they will barely be ready in 2026 to cover Falcon Heights. Wassenberg wonders if we could ask St. Anthony for a full commitment as we need that to fill that gap year. At this point the only option to fill the bridge year is RCSO. If they decline, that would make asking St. Anthony or New Brighton for a full commitment more reasonable and there could be a frank discussion with residents.

Mielke feels we can do that without an RFP. The council notes that Falcon Heights just needs an answer from RCSO regarding this. Linehan prepared a draft letter to send to RCSO. The goal isn't to open it up for bidding. One consideration is that New Brighton will not go away and they are not trying to "poach" the contract away from St. Anthony. The clock for 2025 is ticking and contract discussions will take time.

Mielke wonders what we know about the New Brighton Police Department. Linehan notes they have a positive reputation, similar policing style to St. Anthony. Mielke agrees, they have a very diverse staff as well. She adds not having to flip departments would be beneficial for residents.

Linehan notes if we start with New Brighton, we would not switch. Severability is a big item for both parties. There are no penalties if the SAPD cannot meet staffing needs. There is also no real-time driver to recruit. It should be communicated clearly if staffing continues to be problematic, as Falcon Heights will be left with no coverage. Since conversations started in April, their staffing has not significantly improved.

Mielke notes that if New Brighton could start in January of 2025, it would be a smoother transition and we would not have to flip agencies in 2026. But if that does not work out, then we also burned a bridge with SAPD. Falcon Heights gives St. Anthony an opportunity to build out their department and facility needs.

The council agrees that St. Anthony went out on a limb to start policing coverage conversations, but they also believe there would be understanding that we need coverage in 2025 if they cannot offer it and if the RCSO will not.

Council suggests sending a letter to RCSO as Falcon Heights would also need to know the cost to determine the budget. Once we get an answer, that provides a direction. If the County can't help fill the gap, Falcon Heights would have to look at the other option of New Brighton as the long-term option. If the RCSO can fill the gap, it would allow St. Anthony more time to recruit. The Council believes both residents and St. Anthony would understand either direction, as a solution is needed. There is money left in the Goff Public contract and that would be good to use once a decision is made to communicate the approach.

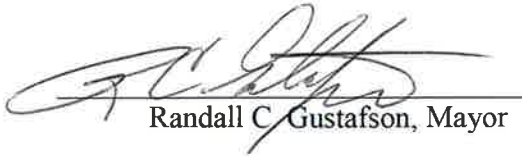
Linehan suggests creative problem-solving and maybe utilizing officers from Lauderdale if SAPD continues to have staffing issues.

Council discusses sending a letter to RCSO and this provides a clear message for all parties involved.

D. ADJOURNMENT: 9:17 PM

Mayor Gustafson motions to adjourn;  
Approved 3-0

*DISCLAIMER: City Council Workshops are held monthly as an opportunity for Council Members to discuss policy topics in greater detail prior to a formal meeting where a public hearing may be held and/or action may be taken. Members of the public that would like to make a comment or ask questions about an item on the agenda for an upcoming workshop should send them to [mail@falconheights.org](mailto:mail@falconheights.org) prior to the meeting. Alternatively, time is regularly allotted for public comment during Regular City Council Meetings (typically 2nd and 4th Wednesdays) during the Community Forum.*



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Randall C. Gustafson, Mayor

Dated this 25<sup>th</sup> day of September, 2024



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Jack Linehan, City Administrator