



4646 Dakota St. SE
Prior Lake, MN 55372

February 5, 2011

A Message from the Mayor

Prioritizing in Tough Economic Times

In my effort to ensure transparency into the decisions your City Council makes, I want to provide some background and information on the final budget and property tax levy for 2011. I will do my best to present both sides of the debate. Additionally, I want to share my thoughts on a couple of key Council priorities for 2011 and beyond.

On Monday, Dec. 20, the Council passed a final budget and property tax levy on a 3-2 vote. The 2011 approved budget represented a 6.2% increase from the 2010 budget for all funds (General, Debt Service, Revolving Equipment, Water, Sewer, Water Quality and Transit). Some of these increases were the result of large capital projects within the Enterprise Fund (water, sewer, and water quality) which were anticipated and planned for in the Capital Improvement Program. The 2011 General Fund budget (Police, Fire, Parks, Streets and Administration, etc.) increased 1.4% compared to the 2010 budget and represented a 4% increase compared to the estimated 2010 actuals based on year-end estimates presented in November and taking into account expenses that were reallocated to different funds. Most of the increases in the General Fund were as a result of reinstating work hours that were furloughed in 2010 and increases in personnel costs. The approved 0.4% tax levy increase compared to 2010 would have been a 1% increase if we hadn't used some of the reserves built up over the previous three years.

I think Councilmembers Hedberg, Erickson and Millar, who voted for the budget and levy, felt the increases were conservative. They pointed out that the property tax levy will decrease the City tax portion by about \$8 for the average home valued at \$288,800. This happens because the number of new homes in the city increased slightly more than the taxes that would get distributed to all homes. I think they also felt strongly that it was appropriate to use some General Fund reserves to minimize the increase in spending during these economic times, that we have already cut as much spending as possible, and that we need to continue to invest in maintaining our infrastructure.

Councilmember Keeney and I voted against the budget and levy increases. Councilmember Keeney did not think it was appropriate to increase total City spending by 6.2%. I support that view and would add that the impact these tough economic times have had on our residents and businesses weighed heavily in my decision. I voted no on behalf of the citizens who have been laid off, had salaries cut, seniors living on fixed incomes, and working people still concerned about job security. I voted no on behalf of the businesses who have lower revenues and fewer customers as a result of the downturn. I felt a 2011 General Fund budget increase of 4% compared to the 2010 estimated actuals was not acceptable given declining residential and business incomes.

Despite the strong differences of view on the budget and levy, the Council identified and agreed on the top three priorities for the City for 2011. Those three top priorities were 1) economic development, 2) strong fiscal management, and 3) cleaning up our lakes. Below is a brief background on each of those three priorities.

Moving Forward on Economic Development

The top priority for this City Council is economic development. Council has made it clear that they want to attract and grow business and position us for future growth. We all know that business growth means potential jobs for our residents, growth of services available inside the City, and a broader tax base (which lowers the taxes we all pay).

To put emphasis on this effort, Council reauthorized the Economic Development Authority (EDA) last year. In doing so, Council also changed the makeup of the five-member EDA. The composition was originally all Council Members and is now made up of two City Councilmembers (Ken Hedberg and myself) and three residents and/or business owners in the community (Bob Morris, Terry Hitchcock, and Michelle Choudek). I believe that the Council has appointed very knowledgeable and experienced individuals who will assure that our economic development recruitment and redevelopment efforts will be fruitful. Our budget reflects additional funding for economic development resources to help us assure that this effort is successful. Our economic development efforts will be assisted by an 11 person Economic Development Advisory Committee which, I believe, will focus on advising the EDA of the best steps to take to promote business retention.

Strong Financial Management

The fundamental purpose of government is to protect the public's safety and health. At the City level that means funding vital services such as police and fire protection, water treatment, sewer and street maintenance or reconstruction and park maintenance, which amounts to more than \$400 million of infrastructure we collectively own. The Council spent a lot of time talking about services, the needs of the city, the cost of city government, and our reliance on fund reserves. While we had some fundamental difference, we did agree on the need to look after the investments already made. We all agreed on the need to bring our streets back up to par with the Street Reconstruction Program and to ensure that the park plan is sustainable given the changing demographics of our City.

Also, Council recently decided it needed to establish additional measurement tools – or what many refer to as a “dashboard” – to help Council and staff better manage City services, to compare ourselves against acceptable benchmarks, and to provide residents with a clear, honest picture of our results. I am a firm believer in the old management adage, “You can't manage what you don't measure.” Beginning with the established “Financial Performance Standards,” I look forward to working with my colleagues to further develop this “dashboard” for our City. These tools will help us as we enter a new round of budget discussions. It is my hope and expectation that we always remember that we represent you, it is your money that we are spending, and that we spend your money wisely.

Cleaning the Lakes

The Department of Natural Resources recently determined that Spring Lake and Upper Prior Lake were impaired water bodies. We have made removing pollutants and sediments from our wetlands, streams and lake system a priority and asked staff for a plan to clean up the lakes in 10 years.

Your City is literally a pioneer in this regard. We have sought out and received grants for innovative and cost effective programs focused on snow and ice control, street sweeping, wetland maintenance, rain gardens and parks irrigation. All of these programs will lead to cleaner wetlands and lakes. Because City staff has proved so capable in this regard, the Council will continue to challenge them and give them the needed resources to get the job done in 10 years, rather than the original 30-year plan.

We have successfully asked the Scott County Association for Leadership and Efficiency (SCALE) to include water quality in their legislative platform. As a result, SCALE will evaluate the upcoming legislative auditor's report on water quality and recommend that grant funds be allocated for the removal of phosphorous in water bodies like Spring and Upper Prior Lake. And the City is working with stake holders in our watershed district to educate one another, cooperate and use our collective resources to address water quality. Together, using our collective resources, we will have clean water again.

If you are interested in seeing your lakes cleaned up, through SCALE we are planning an event where you can get information about water quality, our evolving plans to clean up the lakes, and how you can make a difference by getting involved. We will be informing residents on our progress soon.

The accomplishments we achieve in each of these three areas create the legacy we leave for Prior Lake today and tomorrow. You can be confident that we will work hard to accomplish all three.

Sincerely,
Mayor Mike Myser