

# City Of Edina Budget Workshops

## Findings

*prepared by the Citizens League, December 1, 2011*

### Introduction

City officials of the City of Edina have expressed their interest in engaging city residents more on issues of central importance to Edina. The City has a tradition of citizen involvement, but city officials would like to move those efforts to a new higher level of engagement.

The city budget provides an excellent opportunity to reach out to residents in a new way. City budgets, and the property tax system that underpins them, are inherently complex and can readily create confusion or misunderstandings among residents. A city budget is essentially an expression of the kind of place residents want to live in. As such, it is a natural instrument for inviting citizen input.

The City turned to the Citizens League for assistance in developing community workshops on the budget. The Citizens League has extensive experience in community engagement and, very importantly, it is strictly nonpartisan so it has a high degree of credibility in the community.

The purpose of the workshops was to gather residents' views on a handful of important budget issues. In the process, workshop participants had the opportunity to learn about the city budget and the complexity of decisions involved in making budget decisions.

The key findings from the workshops are presented below, following a summary of the workshop content and format and who participated. The key findings are:

1. Participants Were Highly Engaged and Appreciated the Opportunity to Weigh In
2. The Cash Balance Plan Should Be Amended
3. City Amenities Should Become More Self-Supporting
4. Property Taxes Are Reasonable, But Residents Urge Fiscal Conservatism
5. Above all, Participants Value the Quality of Life in Edina

### Workshop Content and Format

Citizens League staff worked with city staff to identify budget issues that would benefit from resident input. The Citizens League then used its expertise in citizen engagement to frame the issues and develop background information in ways that enable

meaningful participation by residents. Specifically, the questions put to residents were not technical in nature, but were to be designed to elicit residents' values around certain budgetary decisions.

The Citizens League conducted a test run of the workshop with city employees. Pre-testing is important to ensure that the information, questions and answer choices are understandable, perceived to be unbiased, and provide participants with meaningful opportunities for input. A number of changes were made to the information slides, questions and answer choices as a result of the test run.

The workshops were two hours each, and consisted of information sharing, table discussions (4-6 people), moderated large group discussion and interactive "voting" via immediate response devices. The final presentation and workshop questions can be found at <http://edinacitizenengagement.org/2012budget>, as well as the summaries and photos from the individual workshops.

Participants' input at the workshops was captured in four ways.

- *A live "survey"* was conducted throughout a workshop with the use of individual response devices. Participants sat in small groups and discussed their thoughts on a series of questions. At the end of the discussion period, people "voted" by means of a handheld keypad (individual response devices—IDA). The results were then projected instantaneously on a screen.
- *Written responses* were gathered on questions. Participants were asked to provide greater detail when warranted on their live survey answers.
- *Comments* were recorded throughout the workshops to capture discussion and insights.
- *A written evaluation* completed by participants at the end of the workshop provided further opportunity for general comments and feedback on the workshop.

### **Who Participated?**

Four workshops were held in November at various locations and times. People participated for a variety of reasons: 45% said they wanted to learn more, 35% had a specific budgetary or property tax concern, and 15% said they attended because it was "their civic duty."

About 43 unique people attended the workshops. (A few people attended twice, and while virtually everyone stayed for the complete session, a few left before completing the demographic questions at the end, so the actual number of "votes" cast varies by question).

<b>How long live in Edina?</b>	
Unknown*	17.8%
Less than 2 years	0.0%
2-5 years	0.0%
6-10 years	0.0%
11-20 years	24.4%
21+ years	57.8%
<b>Total</b>	<b>100.0%</b>
<b>What quadrant of Edina do you live in?</b>	
Unknown	20.0%
NE: East of Hwy 100, North of Crosstown	26.7%
NW: West of Hwy 100, North of Crosstown	24.4%
SE: East of Hwy 100, South of Crosstown	15.6%
SW: West of Hwy 100, South of Crosstown	13.3%
<b>Total</b>	<b>100.0%</b>
<b>Do you have school-aged children (5-18) living at home?</b>	
Unknown	15.6%
Yes	13.3%
No	71.1%
<b>Total</b>	<b>100.0%</b>
<b>Do you rent or own your home?</b>	
Unknown	17.8%
Rent	2.2%
Own	80.0%
<b>Total</b>	<b>100.0%</b>
<b>What is your age?</b>	
Unknown	17.8%
Under 19	0.0%
19-35	0.0%
36-50	11.1%
50-65	33.3%
65+	37.8%
<b>Total</b>	<b>100.0%</b>

*\*A few participants left immediately before demographics were collected at the end of the workshop*

## Findings

### **Finding one: Participants Were Highly Engaged and Appreciated the Opportunity to Weigh In**

This finding is stated first because it provides a context for the answers that follow. The participants in each of the workshops were highly engaged and appreciated the opportunity to provide input in an informative, interactive setting. They asked many insightful and nuanced questions; they sought information prior to casting their opinion on a question; they learned from their discussions with one another; and they enjoyed the workshop.

- During the workshop, 95% of respondents said that would like the opportunity for “more meetings like this” when it comes to resident involvement in budget decisions.
- When asked the primary reason for attending the workshop, 45% of participants said, “to learn more about the City budget.”
- The written evaluation asked participants to rate various aspects of the workshop, with 1= “not at all” and 4= “a great deal”.
  - They enjoyed the workshop (average rating of 3.69);
  - They viewed it as a learning experience (average rating of 3.5);
  - They found the discussions with their tablemates to be helpful (average rating 3.24);
  - They think future budget decisions would be made better if policy makers listen to these type of public discussions (average rating of 3.86).

Written comments by the participants included:

- *I loved the discussion of priorities. Too often it’s about only the particulars.*
- *Collective wisdom of participants was impressive.*
- *It was great to meet some of the finance people who work behind the scenes.*
- *Making these decisions is very difficult.*
- *Would be nice to have more detail and time for the workshop. Too general at times.*
- *Government by the people is great! City council is interested in our ideas!*

### **Finding two: The Cash Balance Plan Should Be Amended**

Participants expressed some concerns about the plan for the use of \$2.5 million in cash reserves. Twenty-eight percent said it was the right plan; 33% felt the plan needs significant changes, and 38% felt it needs minor modifications. There was general,

although not unanimous, support for the concept of prepaying bonds and assessments for longer-term property tax relief.

In general, participants were fiscally conservative regarding the use of the \$2.5 million unreserved cash, in the sense that they do not view it as a windfall or an opportunity to go “shopping”, but more of an opportunity to enhance fiscal stability. As one resident said, “Less bling and more quality of life for everyone.” Some supported retaining the \$2.5 in the City’s fund balance, if only for the next year to ensure that the use of the funds is optimal for the City. They were also interested in knowing what options had been considered but rejected for the plan.

The weakest parts of the plan, in the participants’ view, were the portions for construction (\$700,000) and technology (\$300,000) projects. Participants weren’t clear that accelerating projects from the Capital Improvement Plan had much benefit (especially since it isn’t known which projects would be funded), and they were unclear about the benefit from the proposed technology projects.

An often-asked question about the prepayment of bonds and assessments was “What’s the interest rate on the bonds?” Participants wondered whether prepayment made financial sense given the low interest rates. In general, however, participants did support the concept of applying the cash reserves in ways that provide stability for property taxes in the future (i.e., prepaying the bonds and special assessments).

### **Finding three: City Amenities Should Become More Self-Supporting**

Participants made clear that they value the various City amenities—the golf courses, the Aquatic Center, the ice arena, the art center and Edinborough and Centennial Lakes Parks—for their role in creating the type of community Edina residents desire to live in. At the same time, there was widespread support for making all of the facilities more financially self-supporting.

The heart of the discussion, at many if not most tables, was the extent to which the City amenities are of such great value in providing affordable access to a variety of cultural and recreational venues that they should be subsidized by the community on behalf of the community, or made to pay their own way via user fees and other sales and advertising type revenues. This weighing of the community versus individual benefit became clear in the responses.

- Most participants expressed the desire for the facilities to move in the direction of being more self-supporting; however, this was not unanimous, including a small group of individuals who thought subsidies should be higher in some cases so that user fees could be reduced.

- Compared to the current financing arrangements, participants felt that the biggest move toward self-sufficiency should occur at the ice arena and at Edinborough Park. Three-quarters of participants said that these two facilities should be either completely self-supporting including capital expenditures or self-sufficient with respect to operating expenditures. Both facilities currently receive subsidies for operating as well as capital expenditures.
- Some participants indicated that subsidies for public amenities should be weighed against user demographics, for example in facilities like the ice arena where a users are a relatively small segment of the resident population and non-residents.
- In all of the workshops, the nature of the covenants at Edinborough and Centennial Lakes Parks was a major topic of conversation. Participants were supportive of the two parks, but concerned about their future financial status given the revenue-raising limitations contained in the covenants.

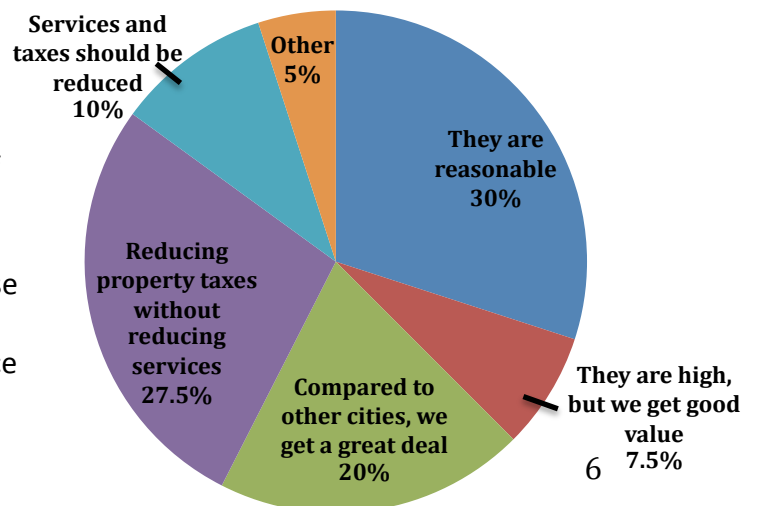
Even though participants generally landed on a principle that City Amenities should become more financially self-sufficient, there were mixed views about revenue-raising possibilities. About 43% oppose raising using fees, and 32% oppose the use of private naming rights. Thirty-two percent did not oppose any revenue options. This shouldn't necessarily be viewed as a contradiction. Participants clearly understood the trade-offs at a general level, but were not given the opportunity (given time constraints) to discuss how these trade-offs might materialize on a facility-by-facility basis. A number of participants suggested that the gap be narrowed on the expenditure side rather than the revenue side. And while there might be support for raising user fees at some facilities, this was not the case across the board.

**Finding Four: Property Taxes Are Reasonable, But Residents Urge Fiscal Conservatism**

Most participants found the City portion of their property taxes to be reasonable. However, they believe it important to moderate property tax increases for a variety of reasons, including the overall tax environment and simple fiscal prudence.

Participants expressed their views about property taxes via a number of questions. They were asked directly about property taxes levels; they were given the option of “containing property taxes” as the highest budget priority for the next five years; and their views about the cash reserves and use of municipal liquor store revenues also provided a sense of the relative importance

**In general, which statement best reflects your opinion of the City's property tax levels?**



of containing property taxes.

When asked a direct question about City property taxes, a slight majority of participants found them to be reasonable, or even a good value. This was expressed also when the question of taxes was put in the context of trade-offs, such as the highest budget principle or the use of municipal liquor revenues.

- 58% say that property taxes are reasonable, or high but a good value, or a good deal compared to neighboring cities; 38% said more emphasis should be placed on reducing taxes (28% said without reducing services; 10% said services should also be reduced).
- Only 11% said that containing property taxes should be the highest budget priority for the next five years;
- 25% said that municipal liquor store revenues should be used for the general fund (to reduce property taxes), compared to 50% who said the revenues should continue to be used to support City amenities, and 20% that favor using the revenues for capital projects.

These responses should not be construed to mean that participants aren't concerned about property taxes. Some felt that the overall tax environment (i.e., school and county taxes) is beginning to create affordability problems, especially among those on fixed incomes. Some felt that it is always good practice, under any circumstances, to keep property taxes as low as practical. And some, albeit a minority, are outright concerned about City property taxes.

#### **Finding Five: Above All, Participants Value the Quality of Life in Edina**

Participants were asked what budget principle should guide the City for the next five years. While the answers were split, most can be viewed as preserving the quality of life in Edina: 35% said that maintaining quality services and amenities should be the highest priority; and 27% said a focus on rejuvenating Edina for the future should be the highest priority. Twenty-four percent stated that the City should concentrate on more cost-effective services, and 11% said that reducing property taxes should be the highest priority.

Another way to consider the results is that participants understand the quality of life in Edina to be affordable: the municipal liquor sales help provide affordable access to superb cultural and recreational amenities; and property taxes are reasonable compared to other cities. They expect City services to be provided efficiently, with a continual eye for how to improve productivity, as suggested by these comments.

- *Need to be more thoughtful on testing change. Expect pushback and manage it!*

- *Do we have the will to stop/close underperforming amenities? Where does private competition impact amenities performance? What's changed or will change in the next 5 years? Look beyond "Edina" for competition for existing or new amenities. We should partner with other cities.*
- *Why do we think cable money will continue to come in at current levels? Trends will go towards internet usage for media—plan now!*
- *City officials should anticipate the future and don't be afraid of change.*
- *Elected officials need to look at the effectiveness of delivering services in the same way for-profit organizations do.*



Appendix  
Combined Answer Results from Four Workshops

The main reason I decided to come today is because:	Responses	
	no.	%
It's my civic duty	6	15%
I have concerns about my property taxes	7	18%
I have a specific budget issue I am concerned about	7	18%
I'd like to learn more about the City budget	18	45%
I didn't have anything better to do	1	3%
Not sure	1	3%
<b>Totals</b>	<b>40</b>	<b>100%</b>

What is your view of the proposed use of the \$2.5 million in available cash?	Responses	
	no.	%
It's the right plan	11	28%
It's about right with some minor modifications	15	38%
It needs significant changes	13	33%
It's the wrong plan	1	3%
<b>Totals</b>	<b>40</b>	<b>100%</b>

What principle should guide the financing of the Golf Courses?	Responses	
	no.	%
It should be completely self-supporting, including capital expenditures	21	49%
It should be self-supporting with regard to annual operating expenditures	12	30%
The current levels of subsidy are appropriate	7	10%
It should receive more financial support so that fees can be reduced	1	5%
Other	2	0%
<b>Totals</b>	<b>43</b>	<b>100%</b>

What principle should guide the financing of the Braemar Ice Arena?	Responses	
	no.	%
It should be completely self-supporting, including capital expenditures	17	40%
It should be self-supporting with regard to annual operating expenditures	15	36%
The current levels of subsidy are appropriate	8	19%
It should receive more financial support so that fees can be reduced	1	2%
Other	1	2%
<b>Totals</b>	<b>42</b>	<b>100%</b>

What principle should guide the financing of Edinborough Park?	Responses	
	no.	%
It should be completely self-supporting, including capital expenditures	21	50%
It should be self-supporting with regard to annual operating expenditures	10	24%
The current levels of subsidy are appropriate	9	21%
It should receive more financial support so that fees can be reduced	1	2%
Other	1	2%
<b>Totals</b>	<b>42</b>	<b>100%</b>

What principle should guide the financing of Centennial Lakes Park?	Responses	
	no.	%
It should be completely self-supporting, including capital expenditures	10	23%
It should be self-supporting with regard to annual operating expenditures	14	33%
The current levels of subsidy are appropriate	16	37%
It should receive more financial support so that fees can be reduced	1	2%
Other	2	5%
<b>Totals</b>	<b>43</b>	<b>100%</b>

What principle should guide the financing of the Arts Center?	Responses	
	no.	%
It should be completely self-supporting, including capital expenditures	9	21%
It should be self-supporting with regard to annual operating expenditures	13	31%
The current levels of subsidy are appropriate	13	31%
It should receive more financial support so that fees can be reduced	4	10%
Other	3	7%
<b>Totals</b>	<b>42</b>	<b>100%</b>

What principle should guide the financing of the Aquatic Center?	Responses	
	no.	%
It should be completely self-supporting, including capital expenditures	17	50%
It should be self-supporting with regard to annual operating expenditures	7	21%
The current levels of subsidy are appropriate	6	18%
It should receive more financial support so that fees can be reduced	4	12%
Other	0	0%
<b>Totals</b>	<b>34</b>	<b>100%</b>

Would you oppose any of the following in order to make facilities more self-supporting? (select all that apply)	Responses	
	no.	%
Higher user fees	15	34%
More ad revenues and sponsorships	8	18%
Private naming rights	10	23%
More reliance on private donations	6	14%
Oppose all of the above	4	9%
Support all of the above	14	32%
<b>Totals</b>	<b>57</b>	<b>100%</b>

**In the future, how do you think the excess revenues from liquor sales should be used?**

	Responses	
	no.	%
As in the past-to subsidize cultural and recreational facilities	22	50%
To reduce property taxes	11	25%
To accelerate or add capital projects, especially street repair	9	20%
Redevelopment (such as Grandview study)	1	2%
Other	1	2%
<b>Totals</b>	<b>44</b>	<b>100%</b>

**In general, which statement best reflects your opinion of the City's property tax levels?**

	Responses	
	no.	%
They are reasonable	12	30%
They are high, but we get good value for our money	3	8%
Compared to other cities, we get a great deal	8	20%
Reducing property taxes without reducing services should be a city priority	11	28%
Services and taxes should be reduced	4	10%
Other	2	5%
<b>Totals</b>	<b>40</b>	<b>100%</b>

**Which principle best reflects the highest priority for Edina's City budget for the next five years:**

	Responses	
	no.	%
Avoid property tax increases	4	11%
Maintain quality services and amenities	13	35%
Focus on rejuvenating Edina for the future by using surplus funds for capital	10	27%
Make City services more cost-effective by implementing efficiencies and reforms	9	24%
Other	1	3%
<b>Totals</b>	<b>37</b>	<b>100%</b>

**In the future, what opportunities should be available for residents regarding City budget decision-making? (select all that apply)**

	Responses	
	no.	%
Public hearings are sufficient	3	3%
More and clearer information on the City's website	24	25%
More and clearer information in the newsletter	21	22%
More meetings like this one	35	47%
I feel comfortable letting City officials decide without citizen input	1	3%
Other	1	0%
<b>Totals</b>	<b>85</b>	<b>100%</b>