



**MINUTES
CITY COUNCIL WORK SESSION
September 3, 2019**

CALL TO ORDER

The meeting was called to order at 5:08 pm.

Present: Mayor: Charlie Miner; Council: Jahn Dyvik, Deidre Kvale, and Michelle Jerde (arrived at 5:30 pm)

Staff Present: City Administrator: Scott Weske; Public Works Director: Sean Diercks

Absent: Council: Tom Skjaret (with prior notice)

PLEDGE OF ALLEGIANCE

APPROVE AGENDA

A motion was made by Dyvik, seconded by Kvale, to approve the agenda as presented. Ayes: all.

OPEN CORRESPONDENCE

No one was in attendance to address the City Council during Open Correspondence.

BUSINESS ITEMS

Continued Discussion of Preliminary Budget Considerations

- **Preliminary Levy**
- **Sewer Fund**
- **Rough Draft 2020 Budget**
- **Capital Improvements**

City Administrator Weske presented highlights of the proposed 2020 Preliminary Budget the Council will be asked to approve at the next Council meeting. He noted that the City will not be receiving any LGA funds in 2020. He explained that the City doesn't know the exact increase for health insurance costs but estimates it will be near \$5,300. He added that the proposed budget also includes increases for the new budgeted employees and COLA increases.

The Council discussed the increasing costs of insurance premiums and ways the City uses a brokerage firm to shop around with different carriers to try to find better deals. The Council asked for details on percentages of salary allocations and insurance premiums for the next meeting.

Council member Kvale stated that she feels like City tax rate is higher than the surrounding communities and she would like to try to understand the reasons why.

Weske explained that the City's tax base is much less than the surrounding cities and gave details of how tax rates are determined.

The Council discussed budget reserve guidelines, enterprise funds and revenues and expenses.

Council member Kvale asked why documents showed the General Fund with a negative balance.

Weske clarified that it was because not all of the taxes have come in for the year. He gave a brief overview of some of the differences in the budget items from 2017 through 2020. He reviewed some of the capital improvement plans and noted that there has been some inner turmoil within the Park Board which may have impacted desired playground equipment improvements.

Council member Dyvik expressed frustration that the City has outdated playground equipment in the City parks.

Weske noted that there was an increase of \$31,000 budgeted to cover Metropolitan Council treatment fees. He noted that there was also a budgeted increase of \$20,000 for televising the sewer lines.

Council member Dyvik asked how difficult it would be to create a table that showed 2019 actuals and not just the 2019 budget information.

Weske stated that he thinks he can pull that information and put it into the table for the next meeting.

Mayor Miner asked about the rates for water and sewer.

Weske explained that he and Public Works Director Diercks have been discussing the possibility of increasing the base rate for sewer. He reviewed the amount of water that the Metropolitan Council is charging to treat wastewater and noted that they would like to find a way to keep that cost the same but increase what the City retains. He explained that if the City chooses not to do anything, the City will lose \$100,000.

Council member Dyvik stated that he would like the City to do their due diligence and do I/I studies to find out where the leaks are in order to reduce the number of gallons that are needing to be treated.

Weske stated that he doesn't foresee the Metropolitan Council portion being reduced, but it could perhaps stay steady. He explained the details and transparency of the new 605 Fund that would be for Metropolitan Council.

Council member Kvale expressed concern that it appears as though the Council is increasing water and sewer rates, as well as the taxes.

Council member Jerde stated that in previous years the City did nothing or reduced these things.

Weske stated that other entities such as Hennepin County will increase their rates regardless of what the City decides to do.

Council member Kvale stated that she thinks increasing all three is too much all at once for the residents.

Council member Dyvik stated that people may not be as upset as Councilmember Kvale fears because the City has kept the levy the same for the last four years and is also holding the tax rate the same.

Council member Kvale stated that she would like to see the City take some sort of baby steps rather than raising everything at one time.

The Council discussed other base rate adjustment options.

Mayor Miner asked what the timeframe would be for making a decision on the rate adjustments.

Weske stated that the Council will need to decide by December and reminded the Council that if they choose to do nothing, there will be a \$100,000 cash loss in 2020.

Council member Dyvik asked for Administrator Weske to present the material in a different fashion for the next meeting so the Council can play around with some of the numbers within the formula in order to consider other options.

Council member Jerde suggested that an average citizen's information be used so the Council could have a clear example of how someone's actual bill may be affected with the change.

Weske reviewed some of the plans for Capital Improvements such as starting the process for reconstruction of Grand Avenue. He noted that he doesn't think there will be any road projects in 2020 but will include mostly patching and perhaps sealcoating.

Public Works Director Diercks gave an overview of some of the road projects coming up in the CIP.

Council member Dyvik asked if the road plans were according to the CIP that is already in place or if the CIP plan had been revised.

Public Works Director Diercks stated that the Pavement Management Plan is being worked on by WSB and should be back to the City soon.

OTHER BUSINESS

Council member Kvale asked how things were going with the process of hiring the new financial personnel. Weske explained that he had received a few applications and plans to meet with the subcommittee to set up some interviews.

ADJOURN

Mayor Miner adjourned the meeting by general consensus at 6:20 pm.

Respectfully submitted,

Scott Weske
City Administrator