

**MINUTES  
CITY OF LONSDALE  
SPECIAL CITY COUNCIL MEETING  
NOVEMBER 16, 2020**

**1. CALL TO ORDER**

Mayor Rud called a special meeting of the Lonsdale City Council to order at 6:00 p.m. in the City Council Chambers, 415 Central Street West.

**2. PLEDGE OF ALLEGIANCE**

Everyone stood and recited the pledge of allegiance.

**3. ROLL CALL**

Members Present: Steve Cherney, Kevin Kodada, Tim Rud, Cindy Furrer and Scott Pelava

Members Absent: None

City Staff Present: City Administrator Joel Erickson, Public Works Director Russ Vlasak, City Treasurer Tami Brokl, Chief of Police Jason Schmitz and City Engineer John Powell

**4. APPROVAL OF AGENDA**

Mayor Rud asked if there were any additions, deletions or corrections to the Agenda. A motion was made by Kodada and seconded by Furrer to approve the agenda as presented. Vote for: Cherney, Kodada, Rud, Furrer and Pelava. Vote against: None. Abstained: None. Vote: 5-0. Motion carried.

**5. APPROVAL OF MINUTES**

None

**6. PUBLIC HEARINGS**

None

**7. PRESENTATION OF CITIZEN PETITIONS AND COMMENTS**

None

**8. APPROVAL OF THE CONSENT AGENDA**

None

**9. OLD BUSINESS**

None

## 10. NEW BUSINESS

### a. Discuss the City's Final 2021 Annual Budget

Erickson said this was the sixth and final meeting on the City's 2021 budget and property tax levy prior to its anticipated adoption on December 10, 2020.

### **Preliminary 2021 Property Tax Levy and Impact:**

Erickson stated that valuations did not increase by 7% as anticipated, which was the basis for calculating the property tax levy and tax rate. He said valuations increased by approximately 3.5%, which results in \$75,000 less in new property tax levy funding if the City's tax rate is to remain at 54.058, which is the same as 2020. He said determining the final levy amount is the first decision that needs to be made tonight. Rud asked the City Council if they wanted to keep the tax levy the same or reduce it to keep the tax rate the same as 2020. The consensus of the City Council was to keep the property tax levy at \$2,241,250.00.

### **Wages / Insurance:**

Erickson explained that wages are proposed to increase by 3.5% but will decrease overall by \$27,043 when compared to what was budgeted for in 2020 due not having a full-time on-staff Building Official. He summarized the changes in the health insurance deductibles and premium increases. Erickson said the proposed budget does not account for health insurance for part time employees. Cherney asked if health insurance was budgeted for part time employees based on the discussion at the last budget meeting. Erickson said cuts would need to be made or reserves used to fund health insurance for part time employees. The City Council directed staff to research a plan for implementation as part of the 2022 budget.

### **Administration:**

Erickson said revenues and expenditures are consistent with 2020. He said mosquito control is proposed to be a chemical treatment and not organic.

### **Planning & Zoning:**

Erickson said building permit revenue is based on historical data. He said not all of the allocated LGA is needed and the balance is provided to Road & Bridge. Erickson summarized Professional Services, Engineering and Dues & Subscriptions. He said building permit software was purchased using CARES funds. Erickson said refunds/reimbursements are for refunding land use application escrow funds. Cherney asked the dollar amount held in escrow. Erickson replied less than \$4,000.

### **Police:**

Erickson said that the Police Department Budget is as basis as it gets. He said all department budgets are as basic as it gets. He said the department budget is based on seven full-time and two part-time officers and office staff.

**Economic Development Authority (EDA):**

Erickson said the EDA's focus in 2021 is implementing initiatives that are developed from the BR&E program and marketing. Rud asked if funds are available for business assistance if needed. Erickson replied yes.

**Library:**

Erickson said the City's minimum contribution to the Library is \$74,180, which is well below the budgeted tax levy of \$117,375. He said he is proposing the Library use \$20,000 is reserves due to the library being closed because of to COVID-19 earlier in the year and not all of the 2020 budget being spent. He said professional services are down slightly, while dues and subscriptions have increased due to leasing eight new computers.

**Debt Service:**

Erickson said that property tax levy amounts are sufficient to cover debt service payment with special assessments. He said in 2021, there is \$21,353 budgeted for debt service interest and that going forward, that amount will increase to between \$135,000 and \$150,000 annually for twenty years. Erickson said for reference, the levy increase for 2021 is just under \$150,000 for the entire general fund, which consists of eight departments and debt service.

**Parks & Recreation:**

Erickson explained that parks and recreation are funded through the property tax levy, cell tower rent, franchise fees and compost site payments from Rice County. He said other expenses include rental of porto-potties and grinding and removal of the tree material at the compost site. Erickson said that no funds have been budgeted for trails, so that Trcka Park can be finished in 2021. Cherney asked the amount of funding provided for trails in the past. Erickson said between \$25,000 and \$50,000. Kodada said the funds are not for new trails, rather large scale improvements such as the needed improvements to the trail north of Willow Creek Dr. SE and that routine maintenance will continue.

**Trcka Park:**

Erickson stated that the Trcka Park Project was discussed in detail at the July 16<sup>th</sup> Budget meeting along with the Park Board. He said that \$50,000 is proposed to be transferred from the Liquor Fund to complete the \$100,000 transfer to help fund the warming house/ice rink improvements.

**Water:**

Erickson reviewed anticipated revenues and said that new homes are estimated at 30. He said water sales is estimated at \$545,000 and does not include any to be determined increase. He said the fund is projected to run an operating deficit of \$105,883 and that to break even, rates would need to be increased \$67.00/year of \$5.58/month. He reviewed current and proposed rates. Cherney questioned the amount of depreciation. Erickson said it depends on new water main, etc. associated with street reconstruction projects. Rud asked if rates needed to be decided tonight. Erickson said the Council should decide on rates but they would not be acted on until January 2021, when the Fee Schedule is approved. Erickson said depreciation is estimated at \$170,000, with \$188,000 being paid

on debt service. Kodada said the rates should be based on operating expenses, while covering the cost of debt service. Rud asked the Council if they wanted to raise rates to offset the projected operating deficit of \$105,000 at once or incrementally. The consensus of the Council was at once. Pelava said with a treatment plant and two wells, it is easier to increase rates now than compared to when water was not treated. Cherney asked Rud for a vote on water rates. Rud said the increase should only cover the projected operating loss and no more. Cherney said the base fee should be increased to \$15.00 to provide for rate consistency in future years. Pelava said rates should be as proposed. Furrer said it has been several years since water rates were increased and she was ok with either a \$12.00 or \$15.00 base fee. Cherney asked Erickson what he thought about rates. Erickson said the base fee is guaranteed funding so that should be increased and the per thousand rates could be adjusted on the high volume users. Rud said he preferred to keep rates lower for low volume users, senior and young families and the per thousand gallon rates for high volume users can be increased to encourage conservation.

**Sewer:**

Erickson reviewed revenues, repairs/maintenance, engineering, depreciation, capital outlay, debt service and street project transfers. He said that the sewer fund is projected to generate an operating profit of nearly \$50,000 and a rate increase is not being proposed. Vlasak reported on deep sewer repair work needed on 4<sup>th</sup> Ave NE and 11<sup>th</sup> Ave NE.

**Liquor:**

Erickson said 2020 sales are not being used to determine revenues for 2021. He said he and the Liquor Store Manager have met and determined the gross profit percentage needed to generate a profit. Erickson reviewed cost of goods, professional services, depreciation, donations, association fees and the proposed \$50,000 transfer to Trcka Park. Cherney asked if funds are available for the purchase of an electronic pallet jack. Erickson said the liquor fund has a fund balance of approximately \$220,000.

**Road and Bridge:**

Erickson said more LGA is being allocated to Road and Bridge and reviewed the proposed street maintenance for 2021. He said the fund should have a fund balance of \$83,333 to account for the purchase of a new plow truck in 2023.

Rud asked what the tax rate would be with keeping the levy at \$2,241,250. Erickson said it would increase from 54.058 to 55.900.

**11. OTHER BUSINESS**

None

## **12. ADJOURNMENT**

A motion was made by Cherney and seconded by Pelava to adjourn the meeting. Vote for: Cherney, Kodada, Rud, Furrer and Pelava. Vote against: None. Abstained: None. Vote: 5-0. Motion carried. The meeting ended at 6:54 pm.

Respectfully Submitted:

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Joel A. Erickson, City Administrator