

**MINUTES  
CITY OF LONSDALE  
SPECIAL CITY COUNCIL MEETING  
NOVEMBER 27, 2017**

**1. CALL TO ORDER**

Mayor Rud called a special meeting of the Lonsdale City Council to order at 6:01 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: Joe Daleiden, Kevin Kodada, Tim Rud, Cindy Furrer and Scott Pelava

Members Absent: None

City Staff Present: City Administrator Joel Erickson, City Treasurer Tami Brokl and Public Works Director Russ Vlasak

**4. APPROVAL OF AGENDA**

Mayor Rud said there was one item on the agenda and 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: Daleiden, 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 Proposed Final 2018 City Budget and Property Tax Levy

Erickson said this is the last meeting on the proposed 2018 budget and property tax levy before its approval at the December 14, 2017 meeting. He said the property tax levy has been lowered by \$210,000 or 10% and as a result, the City's tax rate has been lowered from 70.861 to 58.240. The City Council reviewed the "Heat" map and proposed tax rates of other communities in Rice County. The City Council reviewed each of the department's proposed budgets for 2018 as follows:

#### City Council:

- 24 regular / 10 special meetings;
- Training and Instruction includes: Mayor Dues, LMC annual/newly elected official conferences, Drop Box and tablets

#### General Office Revenues:

- Property tax levy portion increased to fund City Hall expansion;
- Building permit revenue increased to account for LGI Homes anticipated 50 homes in 2018
- Other revenues based on historical data

#### General Office Expenditures:

- FT wages decreased due to reallocation of City Treasurer's wage to other funds;
- Professional Services increased due to anticipated cost increases in mosquito control, copier and IT services;
- Inspections Fees based on a percentage of building permit revenue;
- Dues and Subscriptions includes: LMC dues, Banyon (fund/payroll) and misc. organizational dues;
- \$350,000 budgeted for expansion of City Hall; and
- \$5,000 transfer for City Hall to purchase the 2015 Explorer squad

Pelava asked if the transmission issues with the 2015 Explorer were resolved. Erickson said he was not aware of any transmissions issues with the Explorer and would verify with the Police Chief. Furrer said some of the officers do not like the 2013 Taurus and questioned if that should be transferred to City Hall.

#### Planning & Zoning Revenues:

- Revenues include the property tax levy, LGA and 5 plan reviews

#### Planning & Zoning Expenditures:

- Hiring a City Planner with a start date of June 1<sup>st</sup> – costs include: wages, insurance (employee + 1);
- Office supplies increased to purchase new computer for new planner;
- Professional Services decreased due to no intern cost share with Rice County;
- Dues and Subscriptions budgeted for additional GIS license and annual fee

Police Department Revenues:

- Typical revenues such as property tax levy, LGA, Police State Aid, Fines, etc.;
- Sale of Equipment is for the purchase of 2015 SUV squad by City Hall for enforcement, etc.

Police Department Expenditures:

- PT wages based on 6 FT officers;
- Increased training and education due to additional training required;
- Uniforms is increased to account for new vests for officers;
- Purchase new SUV squad (will run deficit due to prior year funding);
- Capital Outlay Structure funded for building updates (garage interior and stucco exterior)

Police Reserves:

- No budgeted revenues or expenditures

Police Forfeitures:

- This a new fund to account for revenues/expenses pertaining to items forfeited to the PD during enforcement

Erickson said this is a new fund to account for revenues and expenses relating to PD forfeitures, which needs to be done for financial tracking.

SCDP Grant:

- These are funds that have been repaid to the City for housing rehab grants;
- No budgeted revenues or expenditures;
- Current fund balance of approx. \$11,300

Pelava asked what the grant funds could be used for. Erickson said health/safety improvements. He said he has someone interested in applying for funding but given the grant requirements, some of the funds would need to be used to pay for the consultant's fees to administer the project.

EDA Revenues:

- Four Revolving Loan Fund repayments

EDA Expenditures:

- Wages have increased to account for City Treasurer's wage allocation;
- Professional Services is for the TV commercials to run through April of 2018;
- (2) Business Forums

Library Revenues:

- The minimum required level of funding from the City is \$74,180 and the City is contributing \$101,548;
- Anticipating \$21,250 in funding from Rice County (based on past amounts);

- Other revenues are based on historical data

Library Expenditures:

- FT wages accounts for City Treasurer's wage allocation;
- Professional Services accounts for copy machine, Villages of Lonsdale and SELCO expenses;
- Capital Outlay funding of \$12,000;
- The Library Board is discussing increasing the hours the library is open and making the Director full time and additional hours for other staff

Area No. 4 - Debt Service:

- Tax levy of \$130,000 due to anticipated fund balance of approx. \$100,000;
- This debt service will be paid off in 2018

2<sup>nd</sup> Ave NW – Debt Service:

- Paid for by the property tax levy, special assessments and the water/sewer funds

TIF – Debt Services:

- This fund is paid for by the taxes paid by the Villages of Lonsdale

Area No. 5 – Phase 2 – Debt Service:

- Revenues include the property tax levy, special assessments and water/sewer funds;
- 74% is paid for from the property tax levy, 23% water and 3% sewer

Area No. 5 – Phase 1 – Debt Service:

- Revenues include the property tax levy, special assessments and water/sewer funds;
- 74% is paid for from the property tax levy, 23% water and 3% sewer

Area No. 5 – Phase 3 – Debt Service:

- The only expense in this fund is the first interest payment;
- When this project was bonded for, Well No. 5 was included and there are principle and interest payments due

Business Park:

- Revenues are based on special assessments, the property tax levy and selling land;
- Expenses are based on the City paying special assessments and 74% of the debt service principle and interest;
- If no land is sold the fund will breakeven and land sold will reduce the fund balance deficit

Area No. 5 – Phase 3 – Project Fund:

- Revenues are the property tax levy and special assessments;
- Expenses are for the wear course pavement and associated engineering

Area No. 5 – Phase 4 – Project Fund:

- The amount proposed to be bonded for is \$,1995,000, which is based on the Feasibility Study;
- Expenses accounted for are known engineering, legal and advertising;
- Project costs are based on everything being constructed except for the wear course

Park and Recreation:

- Revenues consist of the property tax levy, LGA, franchise fees (phone/cable) and cell tower rental agreements;
- Most expenses are consistent with prior years;
- \$7,500 for woodchips at Bastyr Park;
- Funds have been budgeted for the Willow Creek Heights Dr. SE trail repairs;
- \$50,000 for future park improvements;
- \$25,000 for new mower/blower;
- \$12,500 for continued Summer Rec Program with TCU

Water:

- WAC fees are based on 60 new homes:
  - Depends on the status of LGI homes
  - Termination of the WAC/SAC Deferral Agreement
- Public Works staff applied for and has been awarded a \$36,555 grant for sealing of Well No. 2. The grant is a 50/50 match;
- Water sales is based on historical data;
- \$100,000 be budgeted for repairs/maintenance for:
  - 10 year maintenance of Well No. 4 – budgeted \$65,000
  - General repairs and maintenance – budgeted \$20,000
  - Water main breaks – budgeted \$15,000
- Professional services increased due to anticipated cost increases;
- Depreciation budgeted at \$134,375 (accounted for on monthly basis and as part of the year-end audit because it is an enterprise fund);
- \$30,000 of \$60,000 budgeted for the SCADA system upgrade;
- \$75,000 budgeted to seal Well No. 2;
- Debt service principle and interest are increased to account for the Well No. 5 project (first principle/interest payment is due in 2018) and the water portion of the Area No. 5/Phase 3 project
- The fund is projected to run a deficit of \$411,000 and of that amount, \$100,000 needs to be funded on an annual basis:
  - Rates have not been increased since June of 2012;
  - Staff is recommending an increase of \$3.00 to the current \$9.00 monthly base fee and \$0.25 for each 1,000 gallons of water used. Based on an average usage of 7,000 gallons per month, this will

generate \$80,000 annually. It is expected that \$80,000 will not be generated because “average” usage has been used. There are a lot of residents that do not use 7,000 gallons per month. If a property uses 7,000 gallons per month, their water bill will increase by \$4.75 per month or \$57 annually. The increase is attributed 100% to the construction of Well No. 5.

Erickson recommended that the base fee be increased by \$3.00 and the per thousand gallon rates be increase by \$0.25 to offset the operating deficit expected in 2018. The City Council discussed whether or not to increase water rates and said they would make a decision in January when considering the 2018 Fee Schedule.

#### Sewer:

- Sewer sales continue to be strong and have been increased based on historical and 2017 YTD numbers;
- Staff does not recommend an increase in sewer rates;
- \$40,000 has been budgeted for Repairs and Maintenance Supplies as follows:
  - \$20,000 – general
  - \$20,000 – manhole sealing
  - \$70,000 – 4<sup>th</sup> Ave NE sewer repairs and a service on 10<sup>th</sup> Ave
- Professional Services has been increased to account for anticipated cost increases and includes: bio-solids hauling/spreading, PSN, FB&T, copier, etc.;
- \$38,000 has been budgeted for capital outlay equipment for:
  - \$8,000 water meters
  - \$30,000 SCADA system upgrade
- \$550,000 has been budgeted for capital outlay structure for the decommissioning of Lift Station 1 and gravity flow piping to Lift Station 2;
- Debt service (principle/interest) are down due to paying off the 2010A bonds in 2017;
- The WWTP PFA loan has a principle balance of \$2,436,791.58 and will be paid off in 2023;

#### Liquor:

- Revenues are based on historical margins and 2017 YTD
- Wages and insurance have decreased due to the retirement of Carolyn Korba;
- Cost of goods (beer, liquor and wine) are based in historical data;
- \$7,500 for building repair and maintenance;
- The Liquor store loan will be paid off in December of 2018;
- See enclosed 2017 YTD spreadsheet tracking liquor store activity

#### Road and Bridge:

- Revenues consist of the property tax levy, State Aid, LGA and snow removal;
- The Small City Assistance Program funds of \$31,000 received in 2017 will be used for street maintenance in 2018;
- Expense are typical compared to prior years;

- \$164,000 has been budgeted for street maintenance to include: crackfill, stripping, improvements to 8<sup>th</sup> Ave NE and some of the large excavating, drainage and patching areas;
- Staff is researching alternative ways to finance equipment purchases such as lease purchase, equipment bonds, etc. so such large amounts do not need to be budgeted each year;
- Snow removal (salt/sand) is proposed to be increased

Fire Department:

- Approved by the City Council in February

**11. OTHER BUSINESS**

a. Staff Reports

None

**12. ADJOURNMENT**

A motion was made by Kodada and seconded by Furrer to adjourn the meeting. Vote for: Daleiden, Kodada, Rud, Furrer and Pelava. Vote against: None. Abstained: None. Vote: 5-0. Motion carried. The meeting ended at 7:00 pm.

Respectfully Submitted:

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Joel A. Erickson, City Administrator