

**MINUTES
CITY OF LONSDALE
SPECIAL CITY COUNCIL MEETING
JUNE 16, 2022**

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: David Webb, Kevin Kodada, Tim Rud, Cindy Furrer and Scott Pelava

Members Absent: None

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

4. APPROVAL OF AGENDA

Mayor Rud asked if there were any additions, deletions or corrections to the agenda. A motion was made by Pelava and seconded by Furrer to approve the agenda as presented. Vote for: Webb, 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 2023 Budget

Erickson said this was the second meeting on the City's 2023 budget. He said staff was requested to provide several options for the property tax levy and tax rate for consideration. He reviewed options that: (1) kept the tax rate the same as 2022; (2) increased it by 4% and (3) increased it by 8%. Rud said the City Council should decide on what the levy and tax rate will be but they need to feel comfortable doing so. Rud asked about wages. Erickson reviewed how wage increases have been given in the past compared to a COLA adjustment and a step increase. He said the City has rotated between increasing the pay scale by 3.5% and employee's receiving a step increase. Erickson said the pay scale needs to be increased otherwise, it will result in the pay scale not being competitive. Rud said based on one of the property tax levy options, wages alone would eat up any additional revenue. Erickson replied yes.

Rud said the County Road 4 project should be discussed and the City Council establish priorities for the work to be completed. Erickson said based on priorities, water/sewer improvements would be first. He recommended the City Council adopt a resolution establishing their priorities and what they would like Rice County to be responsible for. Rud suggested the City request 100% of the items that Rice County is 100% responsible for according to Appendix D – Cost Participation Policy. Erickson said he would draft the resolution to be presented at the June 30, 2022 City Council meeting.

Paul Donna of Baird attended the meeting to review financing options for reconstruction projects, trails, facilities and equipment. Donna said MN State Statute §475 is the "debt" statute and that the asset to be financed will determine what bonds are sold. He reviewed each option and the City Council asked several questions. Donna said for trails to be financed, options would be a referendum, GO Improvement bonds (20% assessments), tax abatement or cash saved for equipment purchases and then bond for the equipment. Rud said funding trails with a referendum would be difficult. Donna said trails can be financed without a referendum being required. Erickson asked if it is better to use cash or bond for equipment, facilities, etc. Vlasak asked if a mill and overlay was assessed, could trails be included. Donna said yes as long as 20% of the project cost is assessed and the benefit exceeds the increased value of the property. Erickson said the City barely met the 20% requirement on the last several reconstruction projects. Rud said the City has not assessed for mill and overlays in the past. Vlasak said more funding is needed for mill and overlays because the new developments will need maintenance at the same time. Donna said the City Council levy 105% of the debt service regardless of need and when the bonds are paid off, the fund balance could be transferred and used for trails. Kodada asked if it was better if the City bonded for their costs or have the County bond for all improvements and the City pays the County proportionately. Donna said it would depend on who could get a better interest rate.

Rud said depending on what the tax levy is set at, it could eat up most or all of the tax levy increase. Erickson said that could happen. Rud said wages should be determined early in the budget process so the tax levy can be set. He said staff to replace Turek and Baker needs to be accounted for as well. Erickson said that increase alone will be at least

\$25,000.00. Erickson said it is only a short-term solution but COVID funds could be used to off-set a portion of the property tax levy increase. Furrer said the COVID funds are one time funds and taxes will increase in future years. Webb said the City Council should be cautious about too large of an increase in taxes. Erickson said based on discussion, he will run several scenarios between a 6% and 8% increase and back into what is needed.

Erickson said based on the last meeting, he contacted SkyWarn and they do not have the funds to purchase the building or even lease a space. He said he told SkyWarn that there are three options: (1) the City sells the building; (2) the City sells the building to SkyWarn and (3) the City spends \$100,000 to update the facility and SkyWarn continues to use the building. He said if he had to make a recommendation tonight, it would be to sell the building and not spend money to make repairs. The City Council discussed the available options and decided that selling the building was the best and to do so by the end of October. Erickson said he would contact SkyWarn and get the process rolling.

Erickson said at the last budget meeting, Chief Schmitz presented an option for cameras at each park. He said based on that discussion, the City Council directed staff to obtain another quote for cameras at Jaycee Park, Tenda Memorial, the Veteran's Memorial and Treka Park. He said he expects the second quote to be received soon. Rud said this is a priority of the residents he has talked to. Furrer suggested a transfer from the Liquor Fund to pay for the cameras. Rud asked about staffing at City Hall. Erickson said realistically, there should be four full time and a part time staff or five full time staff at City Hall. Rud said he would look to staff for the recommendation. Erickson suggested waiting until the Accounting Technician position is filled. Rud asked if other departments could help. Erickson said that is being done now. Pelava asked about additional storage space at Public Works due to items sitting outside. He asked if at a minimum, if storage containers could be used. Vlasak said not really. Rud asked if anyone has anything else they wanted to discuss. He said for the next meeting staff should run a performa on the tax levy taking into account wages, etc. and that the City Council should think about wages and be prepared to provide direction at the next budget meeting.

11. OTHER BUSINESS

- a. None

12. ADJOURNMENT

A motion was made by Webb and seconded by Kodada to adjourn the meeting. Vote for: Webb, Kodada, Rud, Furrer, and Pelava. Vote against: None. Abstained: None. Vote: 5-0. Motion carried. The meeting ended at 7:22 pm.

Respectfully Submitted:

Joel A. Erickson, City Administrator