

**MINUTES
CITY OF LONSDALE
SPECIAL CITY COUNCIL MEETING
AUGUST 24, 2017**

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: Joe Daleiden, Kevin Kodada, Tim Rud, Cindy Furrer and Scott Pelava

Members Absent: None

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

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 Daleiden and seconded by Furrer to approve the agenda as presented. Vote for: Kodada, Daleiden, 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 2018 City Budget

Erickson said this was the eight meeting on the preliminary 2018 City Budget. He said based on past discussions, the City Council has directed staff to base the preliminary budget on reducing the property tax levy by 10%. He reviewed specific properties and how a reduction in the tax levy of 10% affects those properties. He said with several exceptions, all property owners in Lonsdale will see a reduction in the City portion of their property taxes.

Erickson said all departments budgets have been reviewed by the City Council and this meeting is a final review of the proposed budget prior to its adoption at the September 14, 2017 meeting. The City Council reviewed the preliminary 2018 budgets as follows:

2. City Council:

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

Mayor Rud recommended that tablets be purchased sooner than later to save on staff time associated with making copies for the packet and the Police Department delivering the packets.

3. General Office Revenues:

- Building permit revenue increased to account for LGI Homes anticipated 50 homes in 2018
- Other revenues based on historical data

4. General Office Expenditures:

- FT wages decreased due to reallocation of City Treasurer's wage to other funds;
- Health Insurance based on proposed rates, which increased 6%;
- Staff has met with our insurance broker and has received other rates for different H S A qualified plans and will be meeting with the insurance task force to discuss plans and costs
- Professional Services increased due to anticipated cost increases in mosquito control, copier and IT services;
- Auditing is a plug number due to RFP's being due August 24th;
- Inspections Fees based on a percentage of building permit revenue;
- General Insurance (prop/cas.) is a plug number;
- Dues and Subscriptions includes: LMC dues, Banyon (fund/payroll) and misc. organizational dues;
- \$350,000 budgeted for expansion of City Hall

5. Planning & Zoning Revenues:

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

6. Planning & Zoning Expenditures:
 - FT wage increase based on prior budget meeting discussions and hiring a City Planner effective June 1st;
 - Hiring a City Planner – costs include: wages, insurance (employee + 1);
 - Professional Services decreased due to no intern cost share with Rice County;
 - Dues and Subscriptions budgeted for additional GIS license

7. Police Department Revenues:
 - Typical revenues such as property tax levy, LGA, Police State Aid, etc.;
 - Sale of Equipment is TBD due to potential purchase of SUV squad by City Hall for enforcement, etc.

8. Police Department Expenditures:
 - PT wages based on 6 FT officers;
 - Increased training and education due to additional training required;
 - Prop./cas. insurance is a plug number at this point;
 - 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)

9. Police Reserves:
 - No budgeted revenues or expenditures

10. 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

11. EDA Revenues:
 - Revolving Loan Fund repayments and reimbursement for EDA Business Forum(s)

12. EDA Expenditures:
 - The EDA is currently discussing their proposed budget for 2018;
 - Wages have increased to account for City Treasurer's wage allocation;
 - Discussion has focused on continuing the Business Forum(s) and strategic marketing planning/implementation;
 - The EDA will be discussing strategic marketing in detail over the next several months

13. Library Revenues:
 - The minimum required level of funding from the City is \$74,180 and the City is contributing \$101,425;
 - Anticipating \$20,941 in funding from Rice County (based on past amounts);

- Other revenues are based on historical data
14. Library Expenditures:
 - FT wages accounts for City Treasurer's wage allocation;
 - Professional Services accounts for copy machine, Villages of Lonsdale and SELCO expenses;
 15. Area No. 4 - Debt Service:
 - Final tax levy amount will be determined based on the fund balance at the end of the year;
 - This debt service will be paid off in 2018
 16. 2nd Ave NW – Debt Service:
 - Paid for by the property tax levy, special assessments and the water/sewer funds
 17. TIF – Debt Services:
 - This fund is paid for by the taxes paid by the Villages of Lonsdale;
 - The \$75,000 is a plug number at this time and it is expected to be less than 2017 due to the City's tax rate being reduced by nearly 18%
 18. 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
 19. 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
 20. 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
 21. Area No. 5 – Phase 3 – Debt Service:
 - Revenues are the property tax levy and special assessments
 - Expenses are for the wear course pavement and associated engineering
 22. Area No. 5 – Phase 4 – Debt Service:
 - No revenues have been budgeted for at this time but will be based on the feasibility study currently underway

- Expenses accounted for at this time are known engineering, legal and advertising;
- Once the construction cost estimate is determined, it will be accounted for as bond proceeds and expenses for capital outlay

23. 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
- Items that need to be finalized include: Professional Services and Park Equipment,
- Funds have been budgeted for the Willow Creek Heights Dr. SE trail repairs;
- \$50,000 for future park improvements
- \$12,500 for continued Summer Rec Program with TCU

24. Water:

- WAC fees are based on 60 new homes:
- Termination of the WAC/SAC Deferral Agreement
- Water sales is based on historical data;
- 20% of the City Treasurer's wage is allocated to the Water Fund. In prior years, 100% of the Treasurer's wage was allocated to Administration.
- Part Time wages shows a large increase due to an allocation error on the budget. The wages currently come out of the Water Fund.
- \$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
- \$30,000 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 \$400,000 and of that amount, \$70,000 needs to be funded on an annual basis

25. 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
- Wages are increased due to the City Treasurer's wage being allocated to other departments than just Administration
- Part time wages are up due to previous allocation error

- Health insurance increase due to wage allocation (same percentage)
- \$40,000 has been budgeted for Repairs and Maintenance Supplies as follows:
 - \$20,000 – general
 - \$20,000 – manhole sealing
- 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

26. Liquor:

- Revenues are based on historical margins and 2017 YTD
- Wages and insurance are increased to account for reallocation of the City Treasurer's wages/benefits
- Cost of goods (beer, liquor and wine) are based in historical data
- Building repair and maintenance is being worked on by staff
- The Liquor store loan will be paid off in December of 2018
- See enclosed 2017 YTD spreadsheet tracking liquor store activity

27. Road and Bridge:

- Revenues consist of the property tax levy, State Aid, LGA and snow removal
- Expense are typical compared to prior years
- \$164,000 has been budgeted for street maintenance to include: crackfill, stripping, improvements to 8th 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

28. Fire Department:

- Approved by the City Council in February

Erickson said staff is working on several options for health insurance plans and associated costs to the City and employees. He said depending on the costs, staff might recommend offering several health insurance plans to employees. The City Council decided to keep the September 11, 2017 budget meeting scheduled to discuss health insurance costs and options.

11. OTHER BUSINESS

a. Staff Reports
None

b. Council Reports
None

12. ADJOURNMENT

A motion was made by Kodada and seconded by Pelava 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 6:53 pm.

Respectfully Submitted:

Joel A. Erickson, City Administrator