

**MINUTES
CITY OF LONSDALE
SPECIAL CITY COUNCIL MEETING
AUGUST 6, 2020**

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: 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 Engineer John Powell and City Treasurer Tami Brokl

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 2021 Annual Budget

Erickson said this was the fourth meeting on the City's preliminary 2021 budget and property tax levy. He said at the last meeting, it was questioned if the State was providing the correct amount of LGA to Lonsdale. Erickson said he contacted the MN Dept. of Revenue regarding a review of variables used to determine the City's LGA amount. He said he was told the amount provided to each city is verified by Dept. of Revenue staff and the House Research Dept. and must match prior to the funds being released. Erickson reviewed the variables (pre-1940 housing units, housing built between 1940 and 1970, household size, number of employees, peak population decrease, sparsity adjustment and tax effort rate). Cherney thanked Erickson for providing the information.

Erickson said wages are proposed to increase by 3.5% and to achieve that, he is proposing the entire pay scale be increased by 3.5% and each employee remain at their current grade/step. He said by increasing the entire pay scale, it will help keep the pay scale more up to date with inflation and not result in lower than competitive wages going forward. Cherney asked if staff's wages are comparable with other cities. Erickson said over the last several years, the City Council has provided increases to certain employees to get their wage competitive with surrounding communities. Erickson said renewal rates for health insurance have been provided to the City and the increases are 2.12%, 5.93% and 1.19% for each of the plans offered. He said the \$2,000 and \$4,000 deductible plans each increasing by \$500 to be compliant with the Affordable Care Act. He reviewed the total cost for wages and health insurance. He said there are several part time employees that work between 35-40 per week and said the City Council should consider pro-rated health insurance and/or accrued time off to those employees. Erickson was asked if the employees were hired as part time. He replied yes. The City Council requested staff to provide additional information at the next meeting.

Erickson said staff was requested to provide three options for the property tax levy, which were included in the packet. He said to proceed any further with the budget, a decision on the property tax levy is needed. Cherney said people are okay with taxes increasing as long as there are visible improvements and he was leaning towards increasing taxes. Kodada said he was comfortable with leaving the levy at 54.058, which increases funding by \$148,900. Rud asked if staff was proposing an increase in water rates due to the fund typically operating at a loss. Erickson recommended either taxes increase or water rates increase but not both. Furrer asked Cherney if the tax rate was increased to 58.197, which would generate \$320,475 in additional revenue, if those funds would be allocated to Public Works. Cherney replied yes. Vlasak said he was recommending budgeting for equipment over a period of five years versus two years.

Erickson reviewed the debt service accounts, the year they will be paid off and what the fund balance of each of those accounts is made up of. He said in 2021, \$24,000 was needed to make an interest payment on the proposed police facility and in 2022 and going forward, that amount increases to \$130,000 annually.

Administration:

Erickson said the revenues and expenses for Administration are proposed to be consistent with 2020 and he is obtaining quotes for repaving the parking lots at City Hall.

Planning & Zoning:

Erickson said revenues consist of LGA, charges for services and property taxes. He said funds have been budgeted for engineering to work on a long term solution with MnDoT for the Highway 19 and 8th Ave NE intersection and the Highway 19 and County Road 2 intersection. He said for now, funds are budgeted to purchase building permit software and that the remaining line items are based on 2021 needs and historical data.

Economic Development Authority:

Erickson said EDA President Laura Prigge will be at the August 24, 2020 budget meeting to review the EDA's proposed budget and funding request for 2021.

Library:

Erickson said the Library's proposed 2021 budget would be presented at a future budget meeting.

Trcka Park:

Erickson said this was discussed at the July 16th budget meeting with the Park Board and the remaining improvements (parking lot, concrete work and restoration) are budgeted for completion in 2021. He said items such as skate park amenities, basketball hoops, picnic tables, etc. are not budgeted for in 2021. Erickson said it has been planned to transfer \$100,000 from the Liquor Fund over two years to assist in funding this project.

Road and Bridge:

Erickson said revenues essentially consist of property taxes and LGA. He said expenses are proposed to be consistent with 2020 and that based on discussions at the July 27th budget meeting, \$217,600 has been budgeted for sealcoating, crack filling, patching, drain tile, etc. and 50% or \$125,000 has been budgeted to replace a plow truck in 2022.

11. OTHER BUSINESS

None

12. ADJOURNMENT

A motion was made by Kodada and seconded by Furrer 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 7:08 pm.

Respectfully Submitted:

Joel A. Erickson, City Administrator