

**MINUTES
CITY OF LONSDALE
SPECIAL CITY COUNCIL MEETING
SEPTEMBER 14, 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, City Planner Benjamin Baker
Public Works Director Russ Vlasak, City Treasurer Tami Brokl,
Liquor Store Manager Lynette Moe, Library Director Marguerite Moran and Chief of Police Jason Schmitz

4. APPROVAL OF AGENDA

Mayor Rud asked if there were any additions, deletions or corrections to the Agenda. Erickson asked if consideration of Resolution 2020-38 be added, since a Special Meeting was requested.

A motion was made by Kodada and seconded by Cherney to approve the agenda with the noted addition. 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. Consider Approval of Resolution 2020-38, a Resolution Approving the Combination of Parcel A (314 15th Ave SE) and Parcel B (320 15th Ave SE) – Ben Baker, City Planner
Baker went through the Staff Report, which detailed: applicant owner information, property description and location, request, building permit review process, land use, comp plan, zoning, utilities, easements, and addressing. He said that the applicant is requesting that the City consider approving the combination of 314 and 320 15th Avenue SE together, so that one larger single-family home can be constructed on the combined parcels/lots instead of two smaller twin-home units. Baker said that the Planning Commission reviewed the request at their meeting earlier in the evening, and he said that notices were sent out. He noted that at a previous public hearing regarding the subject properties, the neighbors were in favor of larger and detached homes being constructed on the vacant lots. The Council reviewed the attached maps, pictures, and home plans. Baker went through the proposed Resolution, including the conditions relating to the unused sewer and water services. Kodada said that capping the sewer and water wouldn't change much to the current system. Pelava commented that the properties have been vacant for over 15 years, so the proposed quality improvement will be appreciated.

A motion was made by Kodada and seconded by Pelava to approve Resolution 2020-38, a Resolution Approving a Parcel Combination for 314 15th Ave SE and 320 15th Ave SE. Vote for: Cherney, Kodada, Rud, Furrer and Pelava. Vote against: None. Abstained: None. Vote: 5-0. Motion carried.

- b. Discuss the City's 2021 Annual Budget
Erickson said this was the fifth meeting on the City's preliminary 2021 budget and property tax levy.

Preliminary 2021 Property Tax Levy and Impact:

Erickson stated that at the August 6, 2020 budget meeting, staff presented four options to consider. He went through the options again. Erickson noted that based on discussion at that meeting, the Council decided to keep the tax rate at 54.058, which is the same as 2020, and will generate an additional \$148,900 in new property tax revenue, which assumes a conservative 7% increase in value.

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 said that less money will be budgeted for health insurance for the same reason. Erickson explained that the City will be increasing the overall pay scale but keeping employees at their current step to help off-set inflation issues. He explained the City health insurance coverage. The Council discussed different compensation ideas for part-time employees that work at least 35 hours per week. Cherney talked about retaining and rewarding good employees. The Council discussed full time work and paid time off options. They directed Erickson to analyze the options. Furrer asked if any promises of full-time work were ever offered. Erickson said that it was made clear at the time of hire, that the positions were part time, did not qualify for benefits and to not expect the positions to qualify for benefits in the future.

Administration:

Erickson said that a new phone system will be installed in 2021. He talked about mosquito control, auditing service RFPs, and potential expense reductions. Rud encouraged Staff to look into the details of going to even-year elections.

Planning & Zoning:

Erickson went through the standard budget items, such as engineering, codification, Data Link, and building inspections. He noted that funding has been allocated toward a 8th Avenue NE & TH 19 Intersection Study and building permit software.

Police:

Erickson said that the Police Department Budget was reviewed in detail at previous budget meetings. He said that money could be saved by delaying the purchase of a 2022 squad to 2023.

Economic Development Authority (EDA):

Erickson provided an overview of the EDAs focus items and desire to maintain a fund balance of \$100,000. He said that the only revenue source for the EDA is revolving loan fund repayments.

Billboard Discussion

The Council briefly discussed a recent proposal for a billboard along TH 19 in the Lonsdale Business Park. Rud said that he has some reservations if a private company is advertising on City property. He also wondered about any potential nuisance to travelers and residents. Since the EDA has been discussing similar billboard and signage options over the past decade, Kodada and Rud wondered if the EDA would be interested in a billboard project as a potential annual source of revenue. Rud said that the City should be careful and further discuss the issue at a future meeting.

Library:

Erickson talked about staffing hours at the library and using \$20,000 of the Library's fund balance to deduce the property tax levy necessary to fund 2021 operations. Erickson said that the CARES Act Grant will cover wages for COVID-19 stay-at-home employees.

Debt Service:

Erickson said that property tax levy amounts are sufficient to cover debt service payment with special assessments. The Council discussed different ideas to pay off debt early and save on debt service costs. Erickson said that loans are structured so that there is an option to pay off the bonds early. Furrer asked if Liquor Store funds could be used to pay off debts. Erickson said yes.

Parks & Recreation:

Erickson explained that parks and recreation are partially funded through cell tower rent, franchise fees, and compost site payments from Rice County. He said that no funds have been budgeted for trails, so that Trcka Park can be finished in 2021.

Trcka Park:

Erickson stated that the Trcka Park Project was discussed in detail at the July 16th Budget meeting along with the Park Board.

Road and Bridge:

Erickson said that sealcoating was eliminated from the budget due to the proposed areas not meeting the minimum age for sealcoating. He said that a new snow plow truck will be purchased in 2023 at a cost of \$250,000. Erickson noted that the \$83,333 surplus will go towards that plow truck. Rud said that the City should benefit once the City hits the MSA mark of 5,000 people, so that funding comes directly to the City and not to Rice County.

Water:

The Council reviewed the details of the line item budget. Erickson went through revenues/sales, repairs/supplies, depreciation, capital outlay, debt service, and street project transfers. He said that the water fund is projected to run an operating deficit. The Council directed Staff to evaluate water rates in more detail considering the deficit and that Lonsdale has significantly lower water bills than the surrounding communities.

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 run an operating deficit. Vlasak reported on deep sewer repair work needed in RayAnn Acres. Pelava asked if a sewer fund transfer could help with the Police Department Project. Cherney talked about implementing an infrastructure trust fund and getting projects done so that people see things happening around town.

Liquor:

Erickson and Liquor Store Manager Moe provided an update on Lonsdale Liquor and budget items, including cost of goods sold, margins, beer and liquor sales, advertising, depreciation, transfers, and cost saving measures. Moe said that the store is up 150% in profits since March. She said that they are constantly monitoring trends, to help them with projections.

Further Council Discussion:

Cherney said that he is in favor of increasing the tax rate to generate more new tax revenue. The Council talked about property values and the timing of new taxes. After Cherney asked the other Council members to consider raising taxes, the other four Council members each provided a reason why they felt that leaving the tax rate the same as 2020 was the right move for 2021. Rud said that once the Waste Water Treatment Plant is paid off and more land sales in the Business Park take place, the City should have more money to allocate towards different City Departments and initiatives.

11. OTHER BUSINESS

None

12. ADJOURNMENT

A motion was made by Kodada 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 8:00 pm.

Respectfully Submitted:

Joel A. Erickson, City Administrator