

**MINUTES
CITY OF LONSDALE
SPECIAL CITY COUNCIL MEETING
SEPTEMBER 20, 2021**

1. CALL TO ORDER

Mayor Rud called a special meeting of the Lonsdale City Council to order in the Lonsdale City Council Chambers at 6:02 p.m.

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 Treasurer Tami Brokl, Liquor Store Manager Lynette Moe and Chief of Police 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 Kodada and seconded by Cherney 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 2022 Annual Budget

Erickson said this was the sixth meeting pertaining to the City's 2022 preliminary budget and property tax levy and reviewed the items that had been reviewed at those meetings. He said the City Council has agreed to set the tax rate at 58.078 an increase of 3.90% and setting the levy at \$2,445,000, an increase of 9.09%. Erickson said he increased valuations by 5%, which is conservative.

He said the last department to be reviewed is the Liquor Fund. He said items to be discussed include: transfer to off-set expenses in other departments such as the police facility project, for example. Erickson said the budget accounts for a \$50,000 transfer but it has not been allocated to any specific department. Mayor Rud said that transfers from the liquor store should go towards capital improvements. Erickson said the main revenue is sale of beer, liquor and wine and reviewed the gross profit margin goals and year to date gross profits of each product category. Erickson said expenses mainly consist of wages/benefits, cost of goods sold and professional services. Cherney said the liquor should not help fund construction of the new police facility and liquor fund reserves should be kept high. Mayor Rud suggested using COVID funds to help pay for eligible expenses relating to construction of the police facility. Erickson said when accounting for the \$50,000 transfer, the fund is still projected to generate a profit.

American Rescue Plan:

Erickson said at the meeting, the City Council agreed to allocate some of the American Rescue Plan funds for financial assistance to businesses, non-profits and residents. He said that at their last meeting, the EDA reviewed and recommended a policy and applications for City Council approval. He summarized what the funds can be used for and that applicants will need to provide tax returns and year to date financial information to support their request. Pelava said it is important that applicants show a need to receive funding. The City Council held general discussion on need of funding, showing the necessary financial information to prove a need and that non-profits would be eligible as long as they have a physical presence in Lonsdale and "brick and mortar" expenses. The City Council agreed to allocated \$100,000 in funding for grants of up to \$4,000.

City Council:

Erickson reviewed each of the general fund departments. He said City Council was based on 21 regular meetings and 15 special meetings until Ordinance 2021-306 is approved. He said other expenses included audio repairs and training/education.

Administration:

Erickson said the main Administration expenses include employee/wages, professional services such as mosquito control, financial report, etc. He said he plans to propose using ARP funds to pay for eligible expenses such as HVAC upgrades and new windows.

Planning & Zoning:

Erickson said Planning & Zoning's main expenses are wages/employees and inspections. He said other items include GIS and engineering for plan review and the Highway 19 project.

Police:

Erickson said the main revenues are property taxes, LGA, Police Aid and fines/forfeitures. He said items contained in the agreed to labor agreement have been incorporated into the budget. Erickson commented on other expenses such as employees/benefits, copier, network connection fees, etc. He said it is budgeted to purchase a new squad car in 2022. He said Steele Waseca Cooperative Electric (SWCE) approached the City about purchasing an electric vehicle for the next squad. He said he and Chief Schmitz meet with SWCE and the Eden Prairie PD to look at and get input on the pro's/con's of their electric squad. Pelava summarized the negative aspects of an electric squad such as only having one officer on duty most of the time, charging time, low clearance, etc. and recommended not pursuing purchase of an electric vehicle at this time. Chief Schmitz summarized items such as charging time, travel distance on a charge, etc. The consensus of the City Council was to not pursue purchasing an electric squad at this time.

EDA:

Erickson said the EDA approved their preliminary budget at their last meeting. He said the focus of the EDA in 2022 will be marketing, business retention and expansion programs, applying for a Small Cities Development Program (SCDP) grant and new banners for Main St. Erickson said with the City Council allocating \$100,000 in ARP funds for businesses, residents and non-profits, he will be reviewing the applications.

Library:

Erickson said the City's minimum contribution to the Library is \$74,180, which is determined by the Minnesota Department of Education. He said other revenues are the property tax levy and grant funding from Rice County. He said expenses include wages/benefits, professional services such as cleaning, copier, monthly Villages of Lonsdale payment, etc. He said it is planned to lease eight computers in 2022 and capital outlay expenses are consistent with prior years.

Debt Service:

Erickson said debt service funds are based on principle and interest payments due in 2022. He said not all funds will receive property tax levy funding at 105% because the City Council decided to drawdown debt service fund balances as appropriate due to prepayment of special assessments.

Parks:

Erickson said revenues consist of the property tax levy, LGA, franchise fees and cell tower rent payments. He said expenses include: wages/benefits, trail maintenance, lease payment of a new tractor, archery targets and cost sharing with TCU for a summer recreation program. Cherney said that ARP funds should be used to repair trails. Kodada asked if the tractor and attachments will be leased. Erickson said yes and as of now, he is only recommending an overseed/aerator be purchased. He said he was not recommending a plow be purchased at this time because the City already has equipment to plow trails and the focus should be on equipment the City currently does not have. Erickson said that no major facility/field projects are proposed for 2022.

Road & Bridge:

Erickson said the main revenues are the property tax levy and LGA. He said by the end of 2021, the City will have received \$73,000, which is proposed to be used to fund street maintenance in 2022. He said street maintenance will consist of a mill and overlay of Industrial Dr. SE between Highway 19 and 4th Ave SE and 4th Ave SE to 4th Circle Dr. SE. Erickson said that \$83,333 has been budgeted for the purchase of a new plow truck in 2023. Mayor Rud asked about the timeline to purchase a new truck.

Cherney questioned how the budget was performing since the beginning of the year. Erickson said staff is diligent and doing a good job with respects to their budgets. Cherney said the 2022 is being worked on and asked if the 2022 budget will be impacted by under/overspending in 2021. He said he has seen government tax and spend and not look to see how that taxing and spending effects future year's budgets. Mayor Rud asked Erickson how the budget has performed over the years. Erickson said it varies and is dependent for example on situations like the recent hail storm. He said an additional \$60,000 has been generated by those permits. Erickson said historically, revenues have exceed expenses. Cherney asked how that revenue has been incorporated into future year budgets. Erickson said staff does review each revenue to determine if it is "one-time" or will be reoccurring and makes adjustments to those revenues in future years. Cherney said it does appear the City does make adjustments to account for increased revenue when reviewing the budget. Erickson replied yes, the City only collects the revenue needed to balance the budget.

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. Roll Call Vote against: None. Abstained: None. Vote: 5-0. Motion carried. The meeting ended at 7:07 pm.

Respectfully Submitted:

Joel A. Erickson, City Administrator