

**WORTHINGTON CITY COUNCIL
SPECIAL MEETING, AUGUST 21, 2018**

The meeting was called to order at 7:00 a.m. in City Hall Council Chambers by Mayor Mike Kuhle with the following members present: Larry Janssen; Alan Oberloh; Chad Cummings; Amy Ernst; Mike Harmon.

Staff present: Steve Robinson, City Administrator; Brian Kolander, Finance Director; Jason Brisson, Director of Community Development, Planning, Zoning and Building Services; Troy Appel, Public Safety Director; Todd Wietzema, Public Works Director; Dwayne Haffield, Director of Engineering (8:15 a.m.); Tammy Makram, Memorial Auditorium Manager (8:30 a.m.).

Others present: Karl Evers-Hillstrom, The Globe; Chris Kielblock.

BUDGET DISCUSSION

Brian Kolander, Finance Director, stated that the budget as presented today represented an 8.77% increase over the 2018 budget. Last year Council pre-certified at 8.878%, and then reduced it to 7.89% in December for certification. The proposed budget includes a 6% estimated increase for health insurance and salary adjustments per the contracts. Steve Robinson, City Administrator, said 4.1% of the increase was wages and 4.7% was street maintenance. Mr. Kolander said there was not a lot of changes from last year in the remaining portions of the budget.

Public Safety

Troy Appel, Public Safety Director, reviewed his department's budget, noting there may be a couple of retirements from his department next year, but the dates have not yet been determined. He may look at combining the positions of Community Service Officer and Animal Control, and filling the position with a uniformed officer. If that occurs, the new vehicle listed in the ERS for the Animal Control Officer would not be necessary as the pickup used by the Community Service Officer is new.

Public Works

Todd Wietzema, Public Works Director, said a large part of his budget is wages but other large item is in capital outlay, which is the new public works building, and which the City will bond for. Mr. Wietzema said the Public Works ERS included purchase of a one-ton truck and a pickup. The ERS also includes replacement of the blacktop trailer with an "add to reserve" of \$16,577 and a "withdraw" of \$39,000 for the purchase. Mr. Wietzema said if the budget needed to be lowered, this item could be moved out and limped along for another year. Council commented on the large "add to reserve" amounts. Mr. Robinson said he had reviewed the ERS schedule a couple of years ago and found that it was approximately \$200,000 underfunded from what actual replacement costs were going to be and they were making that up. Council Member Oberloh asked if the "add to reserve" amount of \$23,600 for replacement of unit 417, which is designated as a spare, could be moved to be used for replacement of unit 437, the half ton Chevy. Mr. Wietzema responded yes. He also noted

that the fees budgeted for the YMCA's administration of the summer programs include a 3% increase. Proposed wages include a higher starting wage for part time employees to stay competitive.

The Park Department budget included an extra \$5,000 for tree planting. The ERS schedule includes replacement of two mowers at \$68,000 each. While the cost of the mowers is high, Mr. Wietzema said it was the going rate under the State contract. The CIP included an upgrade of additional spots at Olson Park to 50 amp services. In addition, the restroom will be replaced at Slater Park or Ludlow Park. Council Member Cummings suggested it be done at Slater Park as that Park is used throughout the summer and the winter. Mr. Robinson said the intent is to budget for a restroom replacement at a park every other year.

The Airport budget included no changes. Mr. Wietzema said the ERS included replacement of a Dodge truck, which is eligible for state funding, but it probably won't happen this year.

Engineering

Dwayne Haffield, Director of Engineering, reviewed his operating budget, noting there was nothing significant. His ERS included funds for aerial mapping, which would be done in conjunction with the County if they make the decision to do it. The ERS also includes a copier in his department if needed.

Lake Improvement - Beyond the \$15,000 or \$16,000 minimum needed for the Clean Water Partnership Joint Powers expenses - Mr. Haffield said they ask for whatever they can get from Council. The balance in the fund for Capital Improvements at the end of 2017 was \$326,719. Brian Kolander noted there has been \$78,000 carried over for several years for a rip rap project at Slater Park to replace the concrete slabs, and suggested that if the project was not going to be done the funds could be taken out. Mr. Haffield said some of the funds were for rip rapping the shoreline as well, noting that the concrete slabs have become more of a concern but they've been holding. The slabs next to the road have been holding amazingly well - however, he advised that perhaps the funds should not all be thrown away - you could always have a pool for shoreline rip rapping. Mr. Haffield provided information on the project at Prairie View, noting it is in legal hands now.

The proposed budget includes payment of special assessments on Bio Science Drive for the water and sewer project that was completed two years ago. It was assessed in 2017 with the first payment due in 2018. Mr. Haffield distributed a handout regarding his Capital Improvements Plan, which included \$400,000 for contract maintenance level financing, and noted that we are getting deeply in trouble on residential street projects - we have a few million dollars worth of assessable projects and need to make up some ground. Knollwood Drive and the section of Clary Street between Diagonal Road and McMillan Street were discussed. Mr. Haffield said McMillan to Fredrick does have a large water project coming

up.

Mr. Haffield said he did receive a letter of notification that we did get \$300,000 bridge bonding money so he is assuming that Council will want the 10th Avenue bridge project to go next year. He would suggest doing the pedestrian bridge prior to the 4th of July, and the 10th Avenue bridge after the 4th of July. Also discussed was the downtown streets and crumbling sidewalks and curbs. Mr. Haffield said the scale of that project and the impact to abutting project owners are the issues.

Memorial Auditorium

Tammy Makram, Memorial Auditorium Manager, reviewed the past various uses of the facility. Her position became full-time last year, and the City has taken over the box office position - we get \$1 per ticket to help offset that wage. The Technical director's time is billed out to the performances. The seating in the balcony will be replaced next year, and should be a quicker and easier project than the main floor seating project. Council noted that we need to start putting money into the back part of the stage area, particularly the ceiling and the roof.

Community/Economic Development

Jason Brisson, Director of Community Development, Planning, Zoning and Building Services, provided information on where his department is at, the long range plan and the day to day events of his three departments.

In the building department - they want to take a look at the turnaround time for permit issuance. In the rental housing department they are trying to increase inspections and are looking at renter education for what's expected, and do the same for landlords. He is looking at implementing a tier system regarding compliance. He will be working with staff on a five year plan for implementing these changes. Regarding the Planning Department, there are two big projects that will take approximately two years each - this year to update the City ordinances with respect to planning, land use and design guidelines, and following that, update City's zoning ordinance to reflect changes in the Comprehensive Plan.

His budget reflects some inflation, but the full time personnel wages reflect an additional staff member because of the \$20 million in projects if the half cent sales tax passes. It won't be fully discussed until after the next legislative session but would be revenue neutral if we reduce the WREDC contribution.

Brian Kolander, Finance Director, pointed out that the budget included \$8,500 to the Southwest Minnesota Foundation, and noted it would be at Council discretion. The Cemetery Association has requested \$15,000 next year, which is also at Council discretion. Council will look at that funding after another meeting with the Association reps. Council also requested that the SW MN Foundation

provide a presentation at a Council meeting.

Administration/Finance

The general government building fund includes funds for replacement of a roof top unit at City Hall at a cost of \$25,800. It's a two stage project, with a portion of it completed this year.

Steve Robinson, City Administrator, provided a handout of a request just received from the Historical Society for \$22,000 of funding for their 2019 fiscal year. Mr. Kolander said the Attorney General's opinion permits funding for contract services but not as donation for their discretionary spending for operations.

DETERMINATION OF PRE-CERTIFICATION LEVEL - 2019 TAX LEVY

Brian Kolander, Finance Director, said Council must set the pre-certification level for the 2019 levy by September 10th, and could decrease that amount when they certify in December, but they could not increase the level. Mayor Kuhle said he would like to see the final levy certify at 5%. Mr. Kolander said Council should keep in mind that the Public Works bond payment will hit in 2020 and if we do the theater that will probably hit in 2020 - \$500,000 in debt service. Approximately \$75,000 in bond payments will be coming off the levy from debt service in 2020, but will be eaten up quickly - it doesn't include bonding that we probably will be doing next year - the building for the theater and some of the street projects. 2020 will be a lot tougher.

Following discussion, the motion was made by Council Member Oberloh, seconded by Council Member Cummings and unanimously carried to set the pre-certification level for the 2019 levy at 7.99%.

ADJOURNMENT

The motion was made by Council Member Cummings, seconded by Council Member Ernst and unanimously carried to adjourn the meeting at 9:45 a.m.

Janice Oberloh, MCMC
City Clerk