

**WORTHINGTON CITY COUNCIL
SPECIAL MEETING, AUGUST 27, 2014**

The meeting was called to order at 7:00 a.m. in City Hall Council Chambers by Mayor Alan E. Oberloh with the following Council Members present: Mike Kuhle, Diane Graber, Rod Sankey, Ron Wood, Scott Nelson.

Staff present: Craig Clark, City Administrator; Brian Kolander, Finance Director; Janice Oberloh, City Clerk; Kevin Flynn, Interim Public Safety Director; Dwayne Haffield, Director of Engineering (7:56 a.m.); Brad Chapulis, Director of Community/Economic Development (8:18 a.m.).

Others present: Pat Shorter (7:08 a.m.); Rick Von Holdt (7:20 a.m.).

GENERAL BUDGET DISCUSSION

Craig Clark, City Administrator, told Council the budget they had before them for initial review reflected about a 15.5 % increase over the 2014 budget, with a 1% levy increase being equivalent to \$31,755. The increase was largely driven by a couple of street projects. COLA is built in as a separate line item. Health Care - we'll be looking at a significant increase - hoping to move to a calendar year for renewal but we may go back to our previous time line to extend for longer and keep the rates down. There is, due to timing, a larger amount in debt service. Mr. Clark reviewed a list of requests to be included in the 2015 budget, identifying some as having no impact on the levy and some that would require "new money." Requests include:

- two street projects, Darling Drive and Grand Avenue
- a CAD position for Engineering Department - carried forward from 2014 budget (little/no impact on levy)
- new survey equipment - would be new money
- a pumper/tanker fire truck - carried forward from 2014 budget (no impact on levy)
- a skid steer in the Parks and Public Works (\$4,407 of new money with carry-over/ERS reserves of \$51,593)
- entrance signs \$100,000 (\$50,000 new money and \$50,000 carry-over) plus directional signage \$11,000 (carry-over, no impact to levy)
- Couple of items related to the CIP
- Dakota Golf report shows the revenue continues to decline - increased that to about \$15,000 as a contribution from the City
- Installation of running water to the Prairie View maintenance shed per the safety officer in case of chemical exposure (\$30,000 new money-CIP)
- contributions to ERS for different items
- removed an overlay project for the tennis courts (\$38,000 all new money)
- look at providing some electric service at the campground to meet the requirements for some of the new campers (\$10,000 all new money)
- hoping to roll the tree program out next year (\$17,400 - carry-over - no impact to levy)
- Memorial Auditorium roof reinforcement per recent structural assessment (\$35,000 new money)

Council Member Wood suggested the 15.5% be cut to 4% right away by doing the following:

- Construction - if this is a one-time type of levy to do these two projects - we're only making .0 something on our hospital dollars - loan ourselves the \$420,000 at 4% interest and levy 1%
- Split the money on the bonding - the Finance Director had talked about the bonding situation dropping significantly in 2016, so take half from undesignated reserves and pay ourselves back as we move forward because of the reduction in bonding costs the following year - that's another \$50,000
- We put \$100,000 away every year for the pool - we're probably at about half a million in reserves for it now, if we put \$50,000 out there per year up to \$2,000,000 then stay constant. Brian Kolander, Finance Director, noted there will be \$787,000 in the pool reserves at the end of this year.

PUBLIC SAFETY

Kevin Flynn, Interim Public Safety Director, highlighted some accomplishments of the current year and noted the following for his 2015 budget:

- two squads to be replaced per the ERS
- replace four defibrillators in patrol squads (may be able to pursue a grant)
- provide advanced leadership training for two officers - funded through Police Programs Reserve
- replacement of firearms and tasers per the ERS
- BRDTF and Safe and Sober grants are expected to be continued (\$200,000+)
- Police range improvements (Police Programs Reserve) - Seal coat blacktop, insulate/finish interior of training building, noise reduction improvements through baffling and landscaping

Mr. Flynn said their insurance has taken quite a hit - that's one of the biggest budgetary items, and also the maintenance fees for the City's share of the new Motorola dispatch console for dispatch (\$10,000), which will be on-going. The biggest increase in the personnel budget is overtime from being down a number of officers. Two have recently been hired, and the 2015 budget provides 23 officers, which they would stay at.

FIRE DEPARTMENT

Fire Chief Rick Von Holdt said they are hoping to carry-over the current budget funds for a pumper/tanker to 2015 - the ERS is fully funded and there are spots in the city where there is not access to water. Council Member Wood suggested we should look at the water distribution system as we shouldn't have blind spots.

Pat Shorter presented information for the Fire Department Pension Fund - they're currently at \$2,780 per person per year of service but are looking for a 1% annual increase. Mr. Shorter said their retirement is good and it helps retain the fire fighters. He noted there is about 85% attendance at meetings/calls, at \$13 each. The fund is solvent.

ENGINEERING

Dwayne Haffield, Director of Engineering, noted his proposed budget still included an additional position that had not yet been filled. Although it would be a full time position his budget only includes 50% of the salary as it would be a shared position. They have included funding to purchase surveying equipment in the ERS for a robotic station. We currently rely a lot on Midwest Engineering to provide the more elaborate surveys for us, but Mr. Haffield said this type of service won't be indefinitely available - the City needs to ween off of it. Ideally, we would have both GPS and this robotic station, as does Midwest Engineering. Also included in the ERS is replacement of a van and a pickup used by the Engineering techs.

Conservation and Natural Resources - The proposed budget includes a request from the Clean Water Partnership of \$100,000. Mr. Haffield said the City usually includes \$13,000 to \$15,000 for related expenses plus whatever Council determines is affordable into reserves. The partnership has no projects established but wants to be ready when opportunities to acquire sites become available. Of the \$192,147 in the budget (including funds for lake improvement), about \$140,000 of it is new money - \$78,000 has been budgeted for a rip rap project at Slater Park, of which \$51,500 would be from reserves and \$26,500 would be part of the new \$192,147 new money. Council determined to reduce the \$100,000 to the Clean Water Partnership by \$80,000.

The budget request includes full funding for contract maintenance of streets, which Mr. Haffield noted is at Council's discretion. He did add that we are going to have to be more aggressive with our overlays. Also discussed was the issue of Darling Drive at the frontage road by Highway 59 - CIP includes \$95,000 of new money for a repair that would stabilize the pipes under the surface there. Council determined they would rather see that incorporated into the Darling Drive improvement project. An additional new project suggested this year was to connect Grand Avenue to Second Avenue, which added \$122,000 in new money to the proposed budget for one of the three options presented. Council determined to do nothing there until the mall redevelopment is done.

Airport projects include generator replacement - \$36,000 of new money and \$84,000 of State Aid, and the Taxiway C extension project at a cost of \$1,320,843 (\$1,188,759 Federal financing and \$132,084 of reserves or less). Mr. Haffield said we would know more in the next few months but staff is optimistic that we will be getting our federal funding next year. There is also a chance we would receive an extra 5% next year. Use of reserves for the project would take the reserve fund down to about '0' other than the \$18,000 per year we receive for hangar lease.

COMMUNITY/ECONOMIC DEVELOPMENT - Brad Chapulis, Director of Community/Econ Development - Permit revenues showed an increase back up to their five year average based on \$11 million in building project value. Other revenues included the 10% TIF revenue as allowed by statute for TIF expenses - \$4,000 - \$5,000 annually. ERS included a new vehicle for the Building Official - his current vehicle will go to the Housing Inspector.

Mr. Chapulis noted the budget includes revenues of \$150,000 - \$180,000 gross revenues (projected by years end) from the Event Center, of which the City collects 10%. Approximately \$200,000 that was not spent on construction of the Event Center will be put into capital reserves.

ADMINISTRATION - Includes replacement of a lap top computer to replace the current lap top used for Council presentations. Also includes an increase in recruitment fund to reflect more accurately what recruitment costs have been.

Council also discussed looking at an option for adding a full-time staff attorney for prosecutions, allowing them to be conducted in a more timely manner.

ADJOURNMENT

The motion was made by Council Member Wood, seconded by Council Member Graber and unanimously carried to adjourn the meeting at 9:43 a.m.

Janice Oberloh, MCMC
City Clerk