

**WORTHINGTON CITY COUNCIL
SPECIAL MEETING - BUDGET, SEPTEMBER 2, 2015**

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

Staff present: Steve Robinson, City Administrator; Brian Kolander, Finance Director; Janice Oberloh, City Clerk; Scott Rosenberg, Park Superintendent; Todd Wietzema, Street Superintendent; Kevin Black, Greens Supervisor; Brad Chapulis, Director of Community/Economic Development; Tammy Mackram, Auditorium Manager (8:18 a.m.).

Others present: Justine Wettschreck, KWOA; Kristin Kirtz, Daily Globe; Abraham Algadi and Nicole Froderman, WREDC.

BUDGET DISCUSSION

Public Works - Parks - Scott Rosenberg, Park Superintendent, noted the following regarding his 2016 budget:

- No big ups or downs in revenues
- We are at the top of the range for camping fees at Olson Park, which had been adjusted for 2015 - The fixtures at the park are good, however, the paint on the floor will need to be addressed over the winter months
- The Beach Nook is doing okay - however there was a break-in there recently
- The roof of the Ludlow Park restroom needs replacement
- All maintenance and repair supplies are up slightly
- The small sweeper used to maintain the trails in the winter is scheduled for replacement
- Budget includes \$7,500 for snow removal at the hockey arena as in the past
- ERS includes \$44,000 for replacement of two 2001 ½ ton work trucks
- The CIP includes \$12,000 for upgrading eight electrical hookups at Olson Park to 50 amp services and \$35,000 to overlay the Centennial tennis courts

Prairie View Golf Links - Kevin Black, Green Superintendent, noted the following in the proposed 2016 budget for Prairie View Golf Links:

- Revenues from Dakota Golf Management were dropped to "0"
- Expenses were left as is for an 18 hole course
- Capital Outlay and ERS are all "0" for 2016

Mr. Black said the course will still need to be maintained if it's going to be open or exist under someone else. Steve Robinson, City Administrator, said he wanted to make it clear that we are still budgeting for the full course to be open in 2016 as there is unlikely to be any major construction that would be done in 2016.

Public Works - Todd Wietzema, Street Supervisor/Interim Public Works Director, noted the following:

- A decrease in 1101 for wages as some of them had been shifted to other funds that will result in a lower work-comp rate
- Supplies for the street fund are lower as he has been able to build up a stock of supplies over the past few years.
- No change in ice and snow removal other than the rental costs for trucks to haul snow continues to increase
- Brian Kolander, Finance Director, noted that the reserve goal of \$250,000 for the storm fund will be met in 2016
- The City Wide Spring Clean-up budget reflects an increase in professional services for increased charges from Schaap Sanitation for use of, and increased number of their trucks - however we are now able to complete the clean-up in 3½ days which results in a savings in number of part-time employees and other personnel costs
- Unit #410 (loader) is scheduled for replacement at a cost of \$106,267
- Unit #437 is scheduled for replacement at a cost of \$25,861, but would be kept as a spare, which would then be put on a rotation for replacement
- Unit #439 was to be replaced this year at an original replacement cost of \$120,000, however, the trucks we've been purchasing have not been heavy enough for what we need them for - he would like to bump the replacement to 2017 and increase the budgeted amount to \$190,000 for a tandem axle that could haul three times as much snow and two times as many leaves as the current trucks
- ERS 8 - paved streets and ERS 9 - Ice and Snow Removal and Signs and Signals - show no changes
- the CIP includes reserve funding of \$11,666 for the roof at the Diagonal Road warehouse

Airport -

- biggest change is an increase of about \$5,000 for maintenance/repairs to the outside of the terminal building

A brief discussion was held regarding insurance rates and the generator at the airport and its future replacement.

Following Council determination that WREDC budget would be discussed prior to the Memorial Auditorium budget discussion, a five minute break was taken.

WREDC - The proposed 2016 WREDC budget was distributed with the notation that it had not yet been approved by the WREDC Board.

Abraham Algadi, WREDC Executive Director, asked for confirmation that Council would again be pledging the entire EDA levy to WREDC. Steve Robinson, City Administrator, said currently the levy amount in the budget is \$83,000, however, WREDC had proposed the City raise that amount to \$86,000. Mr. Algadi said the budget before them was about \$8,700 less than last year, and included stakeholder dues of \$170,000, with the City's contribution making up 32% of their revenue. They have also requested increased contributions from the other stakeholders and the private sector, noting that if they stay flat they will be about \$7,000 short. Mr. Algadi said next year's BioScience Conference will be much more slimmed down, with only half a day on Thursday.

Brad Chapulis, Director of Community/Economic Development, spoke of the vacancy in the back bays at the BAC that will be created when BioVerse moves out. Steve Robinson, City Administrator, said two parties have expressed an interest in the space.

Regarding the build out of the lab, Mr. Algadi said he is under obligation to provide the City with a spread sheet by the end of the month. Their initial projected revenues for three years put it at \$55,000 to \$57,000, which they initially see as not enough to cover the expenses without finding partners to provide a lab tech. Mr. Robinson said build out is a priority and the funds the City has set aside for the build out are waiting for a plan to be brought forward. Mr. Chapulis said the City set aside \$220,000 from the funds from the previous build out to finish out the laboratory, but the cost is going to be greater than that \$220,000 - that will be part of the business plan that Abraham will be presenting to the City. The total rough estimate to finish it is \$313,000 and we will be looking for a private sector partner.

Memorial Auditorium - Brian Kolander, Finance Director, pointed out that the proposed ad valorem taxes for 2016 Auditorium budget is \$88,221, up from the 2015 figure of \$46,484. Mr. Kolander said the reason was unknown why the amount had been lowered for 2015 when the 2014 rate was \$75,739. In addition, for the same unknown reason, the auditorium user fees for 2015 had been increased to \$80,000 from the 2014 level of \$42,525. Mr. Robinson said the increase to \$80,000 in user fees was an unrealistic figure. Council Member Graber expressed concern that people would turn this into a negative for the Auditorium. Staff said the historical figures would show the inaccurate figures budgeted for 2015.

Tammy Mackram, Auditorium Manager, noted the following:

- Her goal is to increase the use of the building - to bring more people in to use the lobby area.
- They have also doubled the number of shows for the year.
- She had written several successful grants over the year, and just received one that will allow for control of the sound and lighting from the stage area, which will cut down on tech costs
- She is currently looking for a grant for new projection equipment that would allow for hosting more meetings.
- The rigging is in but there are still some issues above the ceiling

Mr. Robinson said the budgeted amount based on the Engineer’s Estimate was substantially less than was needed, and the window to complete the repair is limited. They will be looking to do time and material for the repair instead of all at once.

- Concession sales helped to get the Friends turned around with financially
- Consistency with the box office sales has also helped as the Friends receive a percentage of each ticket sale
- City employees worked through the seating at the Auditorium to complete repairs on them - they will eventually need to be replaced - there is no ERS or CIP for the facility
- The ceiling is the biggest concern because the problem is above the stage, it’s very piece-meal - it would be ideal to remove it and replace it with a fly system.

Mr. Kolander said that at the end of the term of the sales tax collection period there will be several hundred thousand left and it is our understanding that we can use it for the Event Center, or we’re thinking Memorial Auditorium too, but we are still researching that. Mr. Robinson said we were on track to reach the \$6 million in sales tax revenue in December of 2017.

PRE-CERTIFICATION LEVEL

Steve Robinson, City Administrator, said setting the pre-certification level will set the maximum amount of the levy collectible in 2016. Brian Kolander noted the levy as presented on August 26th was \$3,616,870, which represents a 10.87% increase over 2015. Staff was proposing the following changes to lower that number:

• Reduce the Clean Water Partnership funding from \$100,000 to \$50,000	-\$50,000
• Eliminate the Grand Avenue to Second Avenue project	-\$125,900
• Increase contract maintenance from \$300,000 to \$350,000	+\$50,000
• Reduce health insurance increase from 10% to 7% based on newer estimates	
General Fund 101	-\$20,000
Parks/Rec Fund #229	-\$2,000
• Update the replacement cost Unit 410 by \$12,000	+\$12,000
(Advancing to the next size loader)	
TOTAL ADJUSTMENT	-\$135,000

The changes would reduce the proposed 2016 levy amount to \$3,480,970, or a 6.7% increase over the 2015 levy. Should Council include the requested increase of \$3,000 to the EDA levy, the overall levy increase would be 6.79%. The maximum levy increase that would be allowed for the City is 10.87%

Council consensus was to set the pre-certification level for the 2016 levy at 6.79%.

Mr. Kolander said they would have better numbers to work with in the next couple of months and will be revisiting these figures prior to setting the levy in December.

ADJOURNMENT

The motion was made by Council Member Nelson, seconded by Council Member Harmon and unanimously carried to adjourn the meeting at 9:25 a.m.

Janice Oberloh, MCMC
City Clerk