

**WORTHINGTON CITY COUNCIL  
SPECIAL MEETING - BUDGET WORK SESSION  
OCTOBER 28, 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. Honorary Council Member Amy Ernst.

Staff present: Dan Wycoff, Liquor Store Manager; Brian Kolander, Finance Director; Janice Oberloh, City Clerk; Dwayne Haffield, Director of Engineering (7:16 a.m.).

Others present: Kristin Kirtz, Daily Globe; Justine Wettshreck, KWOA.

**BUDGET DISCUSSION**

Liquor Store Budget Fund 609

Dan Wycoff, Liquor Store Manager, noted the furnace unit in the front of the store needs to be replaced - budgeted amount is \$13,650 - low bid was \$12,275. He will also be looking at shelving next year to change the traffic flow and add better visibility. High theft items will be up front - percentage of theft is low. We are PCI compliant - reduced the liability for credit card fraud - chip and phone pay will be set up by Christmas. Steve Robinson, City Administrator, said we are projecting a 4% increase in total sales for 2016 but only a 1% increase in operational expenditures.

We are budgeting a \$225,000 transfer to the general fund next year, in addition to budgeting \$240,000 that will stay in retained earnings to build up our cash reserve to be used as we move forward with a new liquor store. Brian Kolander, Finance Director, said they have been adding about \$200,000 cash each year after the transfer to the general fund. Mr. Robinson they have selected the same contractor as designed Marshall's new liquor store.

Airport CIP

Dwayne Haffield, Director of Engineering, said the replacement of the backup generator scheduled for 2016 will be deleted as MnDOT won't participate in that expense. We will be looking for federal funds for Taxiway C maintenance, and will be switching to a maintenance and preservation mode for the airport and will be fairly aggressive. The airport is a "break even" operation.

Paving/Streets CIP

Dwayne Haffield, Director of Engineering, noted there was really no change - but there will be a couple of state aid projects. The Humiston/5th Avenue rehab/restoration project detour will be expensive. They are looking at installing bump-outs on the west side of the Clary Street/Humiston Avenue intersection for pedestrian safety. McMillan and Clary will be the next area they will look at for the bump-outs.

Schaap, Darling and Hagge - we will experiment with product - we're going to put those out for bid in hopes to get a better price. The McMillan water project will be a high priority next year. Regarding the 10<sup>th</sup> Avenue Bridge replacement - the permitting and funding is the issue - it is under the authority of the Corps, and bridge bond money may not always be available. The walkways on the bridge were ordered closed.

Council requested a 2 minute break.

#### Street Lighting Fund

Dwayne Haffield, Director of Engineering, said the street lighting fund is a fairly simple fund in that we have two very expensive funds - electric utility and transfer for infrastructure.

The transfer for infrastructure is not supposed to change - Public Utilities periodically updates that. The electric utility has changed - up about \$5,000 reflecting the amount of infrastructure that has come on line since the last updating. The Highway 60 project added a large number of lights. We are projecting to run a little short this year and will propose an approximate 6% increase. If Council approves this budget a resolution for the street light charge increase will be on the November 9<sup>th</sup> agenda.

#### Storm Water Budget Fund 606

Mr. Haffield said we can make the 2016 budget for storm water without a rate increase but it will include a huge use of reserves at \$800,000 if we get the FEMA grant. We do have obligations coming up that would justify an increase but it will be up to Council to decide if we make it work or implement an increase.

The FEMA project is about a \$3.2 million project and will create a large retainage near I-90 and increasing the capacity of the culvert at Oxford. The retention area will need to be created first. The improvement to County Ditch 12 will result in a revision/reduction to the flood plain map. A 1.3% increase will increase our reserve by \$7,000 per year. A 3.8% increase would result in \$21,418 in additional revenue. It is staff's recommendation to start increasing the fund. We could also start doing some revenue bonds. Water and Light Commission will be looking at a 3.2% increase for sewer, but electric and water may remain the same. Mr. Haffield reminded Council it does take an ordinance to change the storm water rate.

#### Final Budget/Levy Certification Discussion

Council had pre-certified the 2015 levy collectible in 2016 at 6.79%, and final certification must be made by December 14<sup>th</sup>. Brian Kolander, Finance Director, said Council should not levy for the airport as rents and grants cover that budget. The \$36,000 that was budgeted for the back up

generator could be left in reserves because we are not levying for it, or it could be used to buy down the levy. Council Member Nelson said he would be looking to set the levy at 3.5% to 4%, and suggested that Council meet to make a decision on Prairie View before certifying the levy, as there is just under \$51,000 in the Prairie View budget for seasonal help. Council Member Sankey asked if the EDA levy could be reduced - Steve Robinson, City Administrator, said it could, and it is still at the discretion of Council on how it is used. Council Member Sankey said he would like to see the levy set at 6%, as 3.5% to 4% would be too low. Council Member Janssen agreed, saying below 6% is really chopping. Mr. Kolander said that staff could look at the ERS and maybe find a percent, but at some point it still needs to be done.

Council suggested meeting November 4<sup>th</sup> or 18<sup>th</sup> regarding the golf course, and to determine where they want to be with the final tax levy.

#### **ADJOURNMENT**

The motion was made by Council Member Janssen, seconded by Council Member Graber and unanimously carried to adjourn the meeting at 8:45 a.m.

Janice Oberloh, MCMC  
City Clerk