



CITY COUNCIL WORK SESSION MEETING MINUTES August 7, 2023

1) **Call to Order**

Mayor Whalen called the meeting to order at 5:30 pm.

Roll Call of Attendees:

Present – Council: Mayor Lisa Whalen, Ann MacGregor, Peter Vickery and Claudia Lacy; Staff: City Administrator Jasper Kruggel, Finance Director Brian Grimm, Director of Public Safety Paul Falls, Director of Public Works Gary Peters, Director of Administration Allie Polsfuss, City Clerk Dawn Motzko and Deputy City Clerk Angela Boll

Absent: Council: Cathleen Reffkin

Mayor Whalen requested to change the agenda and have the Lockridge, Grindal, Nauen Government relations presentation before the 2024 budget discussion. Council and staff agreed to the change.

2) **Lockridge, Grindal, Nauen Government Relations Presentation**

Ann Lenczewski, State Government Affairs Representative with Lockridge, Grindal, Nauen's, provided a presentation for the City Council about delivering state lobbying services to the City for a capital investment requests and other legislative needs.

Some highlights of the presentation include:

- LGN works closely with legislators who represent the City of Minnetrista
- They use a team approach to achieve success and work with staff and Council to understand which legislative priorities need attention.
- The proposed yearly fee for their services is \$40,000

Lenczewski went over what other municipalities their company has helped with their legislative agenda, and how much funding they have helped cities achieve.

The City Council directed staff to bring this back at a future work session for discussion and the Council will determine next steps at that time.

3) **2024 Budget Discussion**

Finance Director Grimm presented information for overview.

Highlights included:

- Included in the packet is draft documents created for a proposed 2024 General Fund Budget, Capital Improvement Plan (CIP Equipment) and Preliminary Levy option.
- The draft documents include items discussed at the June 26, 2023 work session and propose a levy increase ranging from 12.62% to 14.33% (12.84% to 14.60% net levy increase) from 2023.
- Both proposed versions make the assumption of a \$100,000 surplus

when final 2023 audited numbers for the general fund are calculated at year end. Most of this positive variance has to do with our building permit revenue outperforming budgeted numbers.

- The first version makes the assumption that all of the \$372,000 one-time police money coming in December 2023 is put to the general fund (operations). The second version assumes that \$200,000 is put to the general fund (operations) and the other \$172,000 is put towards capital purposes.
- With the housing market sector still performing well, our preliminary numbers from Hennepin County show the City's tax capacity going up about 11%.
- With the increased valuation, (market value/tax capacity) and the above proposed tax levy options presented above, the tax rate would be projected to increase by about 2-3% from its current 2023 City tax rate of 19.17% to a projected 19.45-19.75%.

Grimm provided a timeline for budget adoption. The next step includes approval of the preliminary tax levy which must be approved by September 30~~4~~, 2023.

Grimm reviewed the largest budget impacts to the general fund levy which include the compensation and benefits for employees, additional staffing, general operations, and addressing the fund balance.

Whalen pointed out the proposed budget includes an increase of \$50,000 for street and road maintenance. This amount can be reduced if the Council chooses.

The Council and staff talked through the two versions of the proposed budget at 12.86% and 14.88% levy increases. The difference between the two is \$100,000 in the general fund levy in an effort to improve the fund balance.

Whalen commented that there was \$372,000 funded by the State for the City to use for Public Safety. There was discussion on using a portion of the funds to offset the increases in wages for the Police Department. Whalen suggested that another portion of the funds be set aside for the gun range.

There was discussion about the generous donation received separate from the state funding which was approved to be used to build out the wellness area and additional offices in the Police Department. ~~State funding is not needed for the wellness area.~~

MacGregor asked Falls what he would like to see the money used for. Falls discussed various priorities of the department and where the funds are most impactful and needed in areas of capital and operational costs.

The Council and staff discussed multiple scenarios for the funding for Public Safety. It was the consensus of the Council that Director of Public Safety, Paul Falls, should be included in the discussions on where this public safety funding is best spent.

Falls added that recruitment and retention are very high priorities, and the Council is already taking a large step forward by approving the labor union

agreements for 2024-2026.

There was discussion of potential surplus at the end of 2023, and how that could impact the final 2024 budget.

Grimm provided information on the tax impact per household, the tax impact of City taxes compared to County and School taxes, and entity split for tax collection.

The Council directed staff to move forward with version two of the proposed budget and to come back at a future work session to work through some of the details prior to preliminary budget levy approval.

The Council also directed staff to move forward with splitting the state's Public Safety funding with a larger portion in Public Safety capital expenditures, and smaller portion in Public Safety operational expenditures.

4) Adjourn

Motion by Lacy, seconded by Vickery to adjourn the meeting.

Motion passed 4-0. Absent: Reffkin

Mayor Whalen adjourned the meeting at 6:49 pm.

Respectfully submitted,

Dawn Motzko
City Clerk