

CITY OF FOLEY, MINNESOTA
CITY COUNCIL MEETING – August 15, 2023

The Foley City Council held their regular meeting (Budget Workshop) on Aug. 15, 2023, at 5:30 p.m. at Foley City Hall.

Members Present: Mayor Jack Brosh, Councilmembers Jeff Gondeck, Deb Mathiowetz, Gary Swanson, and Brandon Voit.

The pledge of allegiance was recited.

Motion by Swanson, seconded by Voit, to approve the agenda.

Motion carried, unanimous.

Motion by Gondeck, seconded by Mathiowetz, to approve the consent agenda:

- Approve re-hiring of Dakota McIver as firefighter.
- Approve Liability Coverage Waiver for City Insurance Renewal – Not Waiving monetary tort limits.

Motion carried, unanimous.

Discussion on 2024 Budget

City Investments

Sarah Brunn, City Administrator, gave an overview to the council of the city's investments. Funds are a little lower this year since staff is still waiting for reimbursement for the wastewater project. Numbers are current as of end of 2022. They only book changes once a year on those accounts. Restrictions for public entities must be followed. There have been fluctuations in the markets. Staff is seeing things flow in a more positive direction the last couple quarters. Discussion and questions followed.

Brunn stated that staff is always looking at options for investments and will keep the council informed.

City Debt

Brunn referred the council to their packets for the update on the city's debt.

Monica Shaw, Accounting Technician and Deputy Clerk, gave an overview to the council. The city still has three different bonds that it is paying down. At the start of 2024, the 2015 bond will show a balance of \$640,000; the 2018 bond will show a balance of \$2.29 million; and the Refunding (2008 & 2011) Bond will show a balance of \$1.5 million for a total debt balance of \$4.43 million. The City also has wastewater debt but that total balance is not finalized with the project still ongoing.

Operational Budget Overview

Brunn directed the council to the budget overview in their packets. Staff color codes budget to make sure it is reported to the state correctly. Staff can help answer any questions or concerns.

General Fund

Brunn stated that insurance costs have again gone up. Staff doesn't have final estimates yet. The

League of Minnesota Cities provides recommendations and staff has implemented anywhere between 10-15% for worker's comp, property, liability insurances. A 10% increase was put in across the board as an estimate for employee insurance costs. Brunn added that the city switched to an age banded program several years ago and it's worked well. Staff should have final numbers before we have to finalize the budget.

Brunn stated that the city receives a franchise fee for cable television services for people in town, but that has declined as more people move away from cable. There is also a line item for \$500 donation to the Cross Center. If the money is paid in March, they will double the donation. Brunn also directed the council to the new software expenses which includes annual fees. She also mentioned that staff saw historic building permits last year. There will also be fees coming in for 2024 Rental License Renewals. In 2024, there will also be three elections which will add to our costs. Questions and discussion followed.

Water/Sewer Funds

Brunn shared that the water/sewer rates are a work in progress. The council will see licensing increases passed down from the state. Generally speaking, there were a lot of new fees and taxes implemented at the state level. On the revenue side with a rate increase, the sewer increase will be bigger than the water. Since we don't have debt service finalized, we're running projections with our flows and trying to anticipate what will be sent to St. Cloud. The engineers advised us that this will take a few years to get it nailed down.

Voit asked Brunn about winter rates. Brunn said that it is reflected in the numbers. By making the change, it will affect everyone. Staff is recommending reducing the minimum water usage from 2,500 gallons to 2,000 gallons a month which will benefit single/elderly households. Anyone above the 2,000 gallons will pay more. Staff is building potential losses in with the winter sewer rate. We're not sure how water habits will change. Staff thinks it is doable and we're in line with the requirements of the PFA. The minimum monthly change would go down slightly from the 2023 rates, but households using more than 2,000 gallons a month will see an increase. The overall benefit will be residents won't see the sewer increases with their summer watering/usage.

Brunn added that losses due to the winter sewer rate change are estimated between \$45,000 and \$90,000 which means the increase to offset is a raise of \$5 to \$8 per account. Staff is trying to protect seniors on a fixed income. If you have a family, you're going to see an impact. The sewer funds still have to increase for the debt service as well. At this time, staff doesn't think we'll need the last rate bump agreed to with the PFA, but we won't know until we start using the system. We're getting close to where we need to be with sewer rates. Discussion and questions followed.

Voit asked if staff knew what the new minimum bill will be. Brunn said \$64.41 which included \$1 fee for storm water at 2,000 gallon monthly usage. Brunn stated staff hashed out several different options and accounted for different variables. Staff had also heard from council we need to put more money aside for improvements for water treatment which is why a water increase was also proposed.

Gondeck stated that we know we have to do some improvements at some time. We need to start thinking about when we'll do it and when we'll have the money so it isn't as big of an impact for when we need to do it.

Questions and discussion followed.

Mark Pappenfus, Public Works Director, expressed the need for adding well #6 and water treatment to take the iron out of the water. There is also a need for more water storage. A new water tower would be best but also expensive. The current water tower is also in need of reconditioning inside and out.

Brunn stated that staff keeps working every possibility for funding for infrastructure projects. Staff works with our legislators to see if we can be included on other state projects. When the city set up well #5, we planned ahead for well #6 as a good long-term option for potential service. We're on the priority list and we reapply every year. The city still needs to put money aside for these projects.

Questions and discussions followed. Council expressed consensus to proceed with winter sewer rates. Staff will draft the ordinance using January as the base line and will lock in during four months (May, June, July, August) over the summer as directed by council.

Economic Development Authority (EDA)

Brunn shared the biggest items of note were for the land bought in the industrial park on contract for deed. Nothing for revitalization was included. Staff is working on the new welcome signs now.

Pool

Brunn stated there are no significant capital improvements planned at the pool in 2024. The basin is scheduled to be redone in 2028 and will be a significant investment. This season's revenues is doing well with lots of people buying passes and supporting pool. The council expressed unanimous support for continuing to fund the pool.

Fire Department

Mark Pappenfus, Fire Chief, suggested giving firefighters another \$1 per hour and may come back to request that in the future. Brunn said that fire contracts with the townships are up based on valuations. She also stated that the public service money from the state coming in at the end of the year will be split between the Fire and Police Departments.

Brunn stated that the current proposed levy is currently at 6.68%. The city received an increase in local government aid from the state. The city is unable to build houses and bring in new businesses yet which makes increasing costs difficult because there is no new construction to spread it around. Residential values are going up which is determined by the county assessor that the city can't control. Staff will submit the proposed levy and the county splits it between all the residential and commercial properties in town. She reminded the council the levy is a preliminary number. It can always be certified lower in December. Brunn listed the year's capital improvement projects including the remaining portion of the financial software, the welcome signs, park improvements, general fund equipment, street overlays and seal coats, drain tile projects, and finishing the wastewater project.

Discussion and questions followed regarding the proposed \$100,000 for the pickle ball courts in Lion's Park and other park improvements.

Brosh asked what the city will do with the Lion's Park wastewater ponds. Brunn explained the ponds will be decommissioned. There are several options – lake or wetlands, dog park, solar garden...etc... Nothing has been decided.

More discussion and questions regarding Holdridge and Lion's Park. Voit expressed support for budgeting money for known future improvements. Shaw stated we have a large range of ages of people in town. Pickleball is popular for older kids and adults.

Brunn recommended leaving the \$100,000 in the budget for park improvements, but not designate it for just pickleball.

Discussion and questions followed on potential park improvements. Pappenfus suggested renovations to the Lion's Park shelter so that it would be fully enclosed with garage doors like the Holdridge shelter. It might increase demand for it.

Voit expressed support for designating the \$100,000 for park improvements instead of only for pickleball. Discussion followed with the council settling on \$75,000 designated for park improvements. The change lowered the proposed levy to 4.73%.

Discussion turned to the proposed \$20,000 designated for the development of a facilities plan. Brunn explained the plan would help create a picture for the next 20-30 years. The goal would be for the plan to give us those big project numbers we need to plan for moving forward. Staff can solicit bids for a consultant. Discussion and questions followed.

Gondeck expressed he would like to hear from department heads on facility needs. Mathiowetz stated she thought having a third-party planner would help take some of the emotion out of decisions. The council agreed that some improvements to city facilities were needed.

There was discussion regarding needs for a Public Works building and the whether or not a facilities plan would be helpful. Shaw stated that having a facilities plan in place could mean that more state funds would be available to help with cost.

Jared Griffith, City Engineer, offered to bring a sample of a facilities plan and all the information that it can bring to the city.

Voit suggested lowering the designated park funds from \$75,000 to \$60,000 and keeping \$20,000 designated for a facilities plan. Council agreed. Proposed levy stands at 3.56%.

Discussion and questions followed for road seal projects, drain tile, and new welcome signs. Voit said that sign concepts will be displayed at the Movie in the Park event this week and then later at the library. Brunn stated that the committee will also be soliciting donations, and the current \$30,000 set aside in the budget for the signs is a comfortable number for the welcome signs.

Fee Schedule Overview

Brunn proposed increasing the building permit fees. This will also help with the fees associated with people paying with credit cards. She recommended not charging a fee on top of credit card transactions because of new laws which require certain notification procedures be implemented. The city has not increased building permit fees in a long time. Council expressed support for increasing building permit fees.

Other Business

Brunn directed the council to their packets with 2025 capital improvement projects. No decisions need to be made tonight. Discussion and questions followed on possible Broadway and 4th Avenue N project.

Swanson asked if there were any plans for development. Brunn stated there were no land sales yet. Until owners choose to sell land there is nothing much the city can do. More discussion followed. Brunn encouraged the council to be flexible on zoning if the time comes. Mixed use zoning helps get people into housing.

Discussion turned to the crack chip sealing proposal. Brunn stated staff was still waiting on a second quote. Questions followed.

Brunn stated the current proposed levy is 3.56%.

Motion by Gondeck, seconded by Mathiowetz, to adjourn.

Motion carried, unanimous.

Meeting adjourned at 7:35 p.m.



Sarah A. Brunn, Administrator
(Minutes By: Sara Judson Brown, Administrative Assistant)