

**CITY COUNCIL WORK SESSION
CITY OF RAMSEY
ANOKA COUNTY
STATE OF MINNESOTA**

The Ramsey City Council conducted a City Council Work Session on Tuesday, October 26, 2021, at the Ramsey Municipal Center, 7550 Sunwood Drive NW, Ramsey, Minnesota.

Members Present: Mayor Mark Kuzma
Councilmember Ryan Heineman (participated remotely)
Councilmember Chelsea Howell
Councilmember Debra Musgrove
Councilmember Chris Riley
Councilmember Dan Specht
Councilmember Matt Woestehoff

Also Present: City Administrator Kurtis Ulrich
Finance Director Diana Lund
Administrative Services Director Colleen Lasher
City Engineer Bruce Westby
Police Chief Jeff Katers
Fire Chief Matt Kohner
Parks and Assistant Public Works Superintendent Mark Riverblood
IT Manager Jason Fredrickson
Building Official Jesse Szykulski

1. CALL TO ORDER

Mayor Kuzma called the City Council Work Session to order at 5:32 p.m.

2. TOPICS FOR DISCUSSION

2.01: Review Proposed 2022 Schedule of Rates, Fees and Charges

Finance Director Lund reviewed the staff report and recommendation to introduce the proposed 2022 Schedule of Rates, Fees and Charges, Option 3.

Building Official Szykulski explained how permit fees are determined based on the 2017 fee table which covers all types of construction and permits.

Mayor Kuzma asked if they would be covering the cost with the new rates.

Building Official Szykulski answered he would say they are covering their costs better because it is an increase in fees. He noted there is an increase in activities, more residents, more houses, and a lot more construction happening.

Councilmember Specht asked for clarification about the table.

Finance Director Lund answered the 2022 Proposed Column lists all changes in fees regarding building, water rates, those sorts of things.

Building Official Szykulski commented that the goal is to be close to neighboring cities. They don't want to be high, but where they are at with a lot of the fixed fees is pretty low compared to some of the neighboring cities, noting it is a balance.

City Administrator Ulrich asked for clarification regarding the issue that a couple of cities did not appear to have planned check fees, if the information wasn't available or because it is included in another place.

Building Official Szykulski answered a lot of them are buried and hard to find so staff spent a lot of time on city webpages trying to find this information. For example, on the Anoka website it says "Plan Check, per state building code."

Finance Director Lund added that 65% is the standard.

Building Official Szykulski agreed and added the big builder, Capstone, does the Repetitive Plan Fee so a lot of the builders have similar plans which are reviewed through the Master Plan and all additional plan submittals are at 25%.

Councilmember Riley asked for clarification, that this is an increase in the City's fees but it is still in line with neighboring cities.

Building Official Szykulski confirmed this.

Councilmember Musgrove asked about some fees in neighboring cities that differ so it may be difficult to find an average. For example, the septic fees. She asked, for clarification, about increases specific to Ramsey and what the increase encompasses. She also asked for an explanation whether residents pay the fees when they are already paying a salary and how the fee covers the cost better.

Building Official Szykulski answered that septic systems are quite involved and have several inspections that require significant staff time. This time of year, there is a high demand for it as well. He noted the building code says "service fees are commensurate to the service provided."

Councilmember Musgrove asked for further clarification on the larger process, stating the septic was just an example. She wanted an idea of where the money was going that they are asking the residents to pay with the fees. Councilmember Musgrove referenced the escrow fees and asked about erosion control, noting the builders already require a fee for that and asked why the City would have an erosion control fee listed as well.

Building Official Szykulski explained the erosion control fee is applied to home building permits which generally don't have double permits, so it's not duplicated at all. The fee is intended to cover the single-family home building permits or reconstruction permits.

Councilmember Musgrove referenced the building permit license, and stated she would support Options 1 or 3.

Building Official Szykulski commented that is the recommended option because it puts together the right combination and gives an option they are using. He referenced the 2017 ICC Schedule and stated they can build from that, if the Council wanted to adopt and increase the fees, that they can look at the 2018 spreadsheets and give a more structured increase because they would be using the next year's data, making it easier to justify because it is on a national level by the National Code Council.

Finance Director Lund explained the reason cities may be using the 1997 tables still is because they don't want to create their own, there is the backing that the tables are there, and that's why cities, like Champlin, are using the ICC valuation, so they can look it up. She noted if Ramsey wasn't following the 1997 fee schedule, and having those numbers, there wouldn't be anything to follow. That is why Staff is looking at following a valuation table that is available and fits the current times. She noted that what was currently being followed didn't meet the 2008 table.

Mayor Kuzma summarized that staff is saying the City is not charging enough to cover the costs, they need to make an adjustment, and recommends a full schedule of rates and fees, following Option 3.

Finance Director Lund added, following the 2017 valuation and the 1997 UBC table.

Mayor Kuzma asked if that would be added to the City's website.

Finance Director Lund answered it will be listed on the rates and charges, saying which schedules are being followed.

Councilmember Woestehoff asked for clarification, if the international table gets updated multiple times a year.

Finance Director Lund and Building Official Szykulski confirmed this.

Councilmember Woestehoff stated it makes sense for the 2022 year and he would be interested to see, from a policy perspective, if it would make sense to look back every year to 4 years prior so the table is always reflective of the 4-year time frame. He noted then the City would not have to continue to adopt new ones.

Building Official Szykulski indicated he would recommend that, especially if the current construction activity continues to grow. He noted that in a slower year, maybe the City would want to hold off.

Councilmember Musgrove asked a follow up question, stating that some years may be outliers so it may not be good to do it automatically. She noted if there would be too dramatic of an increase, adjustments could be made and it is easier to look back and make adjustments accordingly.

Councilmember Musgrove asked about mobile home tie downs and the swimming pool, noting the swimming pool didn't increase as much as it had previously and it did not make the 2018 levels. She asked whether the mobile home tie down fee needs to be as high as it is listed. She noted a neighboring city has \$10 per square foot for value and asked whether there is more benefit in doing something like that. She expressed concern about people not being able to make the permit fee, but having mobile homes tied down is a priority.

Building Official Szykulski answered that is a good suggestion, and he wouldn't be opposed to bringing it down to \$75. He explained the mobile home is a unique situation in that not every city has them. He noted that Coon Rapids has a rate of \$77 and agreed that having mobile homes tied down is important for safety in high winds.

Finance Director Lund referenced the other fees, noting the rate study had a 2.5% increase for water and sewer and \$23 million will be taken out of the water fund, so it is proposed to stay on the water study at 2.5%. The sewer charge is at 1% and the rates are going up 7% to give a gradual increase back to the sewer fund. The sewer fund is using about \$9 million to fund the water treatment plant so it's just to keep a balance going in that account. She noted the other utility bill accounts would stay constant with 2021, so there would be no raise in street lights, recycling, or storm drains. Finance Director Lund stated the other change proposed is in regard to rental of facilities at the parks and municipal center to charge \$5 per hour instead of a flat rate of \$10 for the day.

Parks and Assistant Public Works Superintendent Riverblood explained they are trying to make it simpler for both the users and administration in the application of the rental process. He explained that park spaces are very popular so it is difficult to meet the requests for these spaces. He noted that having an hourly rate helps to determine how long people actually need the rental versus a whole day rental and not allowing enough users access. They are also eliminating the key deposit and an online registration system is available.

Councilmember Specht asked how a youth group is defined.

Parks and Assistant Public Works Superintendent Riverblood answered that if the group is primarily youth, such as scout groups, they would qualify for the youth rate, but birthday parties wouldn't qualify. He also commented that staff needs to check the validity of non-profit groups because some are taking liberties with that to save money.

Councilmember Specht stated he had a situation come up with a tutor wanting to rent a room at City Hall and since there are a lot of different rates listed for different groups wanting to rent, it is confusing. He asked if this is going to simplify things.

Finance Director Lund answered that in the situation Councilmember Specht referenced, it would have been a \$10 charge, the youth group rate. She didn't know if there would be interest in

changing to an hourly rate for room rentals at City Hall and would want to speak with Staff to determine what is reasonable.

Councilmember Specht answered that it would be worth a discussion, especially if reservations could be made online.

Finance Director Lund stated it is recommended to introduce the changes to the rates and charges on November 9, 2021 for adoption on November 23, 2021 to allow 30 days' notice to go into effect by January 1, 2022.

The consensus of the Council was to follow staff recommendation, with the addition of the mobile home tie down fees being set at \$75.

Councilmember Musgrove asked for clarification that in 2022, it is proposed to change rental fees from the \$10 flat rate to \$5 per hour and the \$25 rate would be resident hourly.

Building Official Szykulski confirmed this.

Councilmember Howell asked about lowering the rate for residents, noting it is a big jump to go from \$24 for the day, to \$25 hourly, to have a bigger disparity between resident and nonresidents.

Parks and Assistant Public Works Superintendent Riverblood answered that this is a proposed dollar increase, noting it was the nonprofits that were at the flat rate, everyone else was hourly.

2.02: Review 2022-2031 Capital Improvement Plan (CIP)

Finance Director Lund stated the Council is reviewing the first draft. She explained the priority levels, noting a priority 1 is something that is within the next couple of years, Priority 2 is something that is new, that has never been done before and isn't a replacement such as the Police vehicle in 2022, Priority 3 and 4 are for the remaining 8 years of the CIP, and Priority 5 is a placeholder within the document. For example, the community center which is unfunded. Finance Director Lund reviewed the staff report, noting this document is subject to change. She highlighted the main cash flows pages and explained the CIP is a planning tool so everything that is included is not adopted until it comes to the Council as individual projects.

Councilmember Musgrove commented that there weren't TIF districts listed under the "sources of funding." She asked if there were any funds that qualify for any TIF district dollars, noting she wanted to make sure the City was using those dollars in areas they can be used.

Finance Director Lund answered, the TIF cash flows are included. In regard to TIF 1 and TIF 2, those were the older districts that were allowed for pooling. She explained the project for 116 was allowed for funding but the County pushed that project out so it's no longer reflected in the CIP. Because of that, TIF 1 and TIF 2 do not reflect the 116 project anymore. She noted the fund balances are listed and the respective cash flows. She gave the example of TIF 2 having a projected balance of \$1.7 million after 2021, which is because \$1.5 million was added back when the 116 project was put on hold.

Councilmember Riley asked Police Chief Katers if they are looking at purchasing a hybrid Explorer next year, and is that to save money.

Police Chief Katers explained that came out of a study they did with Connexus Energy on fleet vehicles. It's not mandated but is one of the few vehicles that is Police Pursuit Rated.

Councilmember Riley suggested that they look for the lowest option that meets their needs.

Councilmember Riley noted that under new additions, in the next year, was the Lake Itasca observation deck and canoe rental with parking. He asked about expanding an unimproved park when they are having a hard time keeping up with the parks.

Parks and Assistant Public Works Superintendent Riverblood answered it has been a drought year. He explained the canoe and kayak system at Sunfish Lake is really popular, so much so that they are wearing out the boats from dragging them from the locker system to the lake. There are almost 2,000 people with proximity cards, so that is a lot of recreation at a low cost and that is the basis behind it. He noted this project first entered the CIP plan as a proposed project when they were speculating on where all the properties that are developed are today. He explained there are a lot of users there, the City timed it right with all the new residents, and staff is trying to identify low-cost recreation in proximity to the speculation that would be hundreds of new families in the area. He stated the Lake Itasca project was also supposed to be developed concurrent with all the new residents but instead, they did the smaller Pearson Park. He still thinks they need to develop that park North of Alpine Drive, East of Lake Itasca, noting the parking would serve, not just the canoe and kayaker observation boardwalk, but the future development of that park.

Councilmember Riley suggested money would be better spent on the existing parks. He referenced the park in The COR, Civic Plaza, and asked if that is \$1.2 million.

Parks and Assistant Public Works Superintendent Riverblood answered that is a placeholder for whatever comes first. A municipal plaza, which they graded and established turf without irrigation there or maybe an improvement to the waterfront such as a splashpad. He noted if they had a sale of land in the northwest quadrant of The COR, they may need a lot of fill, which may be a good time to advance construction of the first phase of what they are calling the Waterfront Park. The splashpad is one of the single requested items from residents and would be another destination in the downtown to bring people in. He noted it would be a unifying project where you can think of a broad spectrum of users coming in because while some things are very specific, trails and a splashpad cover a lot of the demographic.

Councilmember Riley referenced, under opportunities, trail connections, and asked why it is so low in the beginning and grows so much. He asked why wouldn't they want to make more connections earlier.

Parks and Assistant Public Works Superintendent Riverblood answered, when Councilmember Riley referenced it growing, is he asking about the dollar amount or the list getting bigger?

Councilmember Riley answered the dollar amount. In year 2023 it's \$30,000, then up to \$80,000, \$200,000, then \$400,000.

Parks and Assistant Public Works Superintendent Riverblood answered he didn't have notes on it but the trail connections were entitled priority trail connections and are intended to be opportunity driven or meet with the goals of connecting places. For example, in the downtown they are in the process of securing land at the Gardenview Villas to build a trail there. He noted there are hundreds of families that don't have easy access to downtown but a trail would allow residents to access the retailers and splashpad. That is an easy first opportunity. Other trails are important but expensive. One they are looking at is by the Holiday gas station, to put a trail there to get people off the highway. That is an expensive project because of the Mn/DOT road, a ditch system, and other utilities. If someone wanted to develop the properties between Holiday and the commercial property to the south, it would be a perfect time, and the CIP would call attention to that opportunity. He explained that is why the numbers are all over.

Councilmember Riley noticed in 2024 they plan to refurbish both water towers and asked if there is a savings in doing two in one year rather than spreading it out over time.

Parks and Assistant Public Works Superintendent Riverblood answered he wasn't sure but he would find out. He commented on options to do one water tower in the spring and then do the other, noting this would be for the exterior only as the City is keeping up with the interior, which is a different process that requires draining.

Finance Director Lund added that has been pushed out a couple years.

Parks and Assistant Public Works Superintendent Riverblood continued it's possible with the water treatment going on line that they could take one tower down at a time and still have the capacity for water supply and fire suppression so that is probably why it was pushed out.

Finance Director Lund answered they were scheduled for the same year, she didn't know why either, but could find out. She asked Councilmember Riley, in regard to the park trail with the canoes, if he would propose pushing it out or removing the project.

Councilmember Riley answered he would suggest removing the project.

Finance Director Lund stated the project in question is project 18, park 004, Lake Itasca Park parking, trail, and canoe system.

Councilmember Woestehoff also asked about the water towers. He noticed in 2022 it was listed to refurbish both the water towers for \$20,000 and in 2023, it was \$1.7 million. He wondered if one was a paint job and the other was mechanical.

Finance Director Lund answered she believed part of it was a study.

City Administrator Ulrich asked for Council consensus and direction on the Lake Itasca improvements to the parking lot and trail system.

Councilmember Specht commented that one thing that might be wise would be to start something in the proposed project but speed up the replacement plan for the parks that are in the worst shape and then put more money into new parks.

Finance Director Lund asked if it would be beneficial for the Council to take time looking over the projects and bring a list to the next Work Session for discussion.

Mayor Kuzma noted the CIP is just a planning document and everything that comes back to the Council would be reviewed.

City Administrator Ulrich noted the concept of taking the Lake Itasca Park and redirecting all or part of that back to neighborhood parks and updating equipment at existing parks, would be direction to those improvement funds if that's where the Council's priorities lie.

Councilmember Howell commented that seems to make sense and if they leave it in for 2023 or 2024, a lot of energy could be put toward a great project they aren't planning to do yet, and that energy and funds could be put towards the projects they wanted to focus on.

Councilmember Specht commented it would be worth further discussion, noting things in the CIP should be what the Council wants.

Mayor Kuzma asked the Council if they are in consensus with the CIP, aside from the issue with the parks, or would they like more time to review it.

Councilmember Musgrove asked Councilmember Riley about removing the project for Itasca Park, if he intended to move the funds to another park, keep the park improvements, and move forward as they are.

Councilmember Riley answered, it was in the CIP and he doesn't support expanding one of the parks when the City is having a hard time maintaining the current park system.

Councilmember Musgrove asked whether he would support directing staff to put forward a neighborhood park that needs work or redevelopment.

Councilmember Riley answered in the affirmative.

Mayor Kuzma clarified that if they take out Itasca Park, they would redistribute the funds to fix up other parks.

Councilmember Musgrove agreed.

Councilmember Specht commented he would like to have more discussion and a chance to review everything.

Mayor Kuzma asked Staff to look at the option of taking out Itasca Park and bring back a list of parks that need some updates for further discussion.

Parks and Assistant Public Works Superintendent Riverblood thanked the Council for the discussion and recognizing the City is at capacity for being able to take care of the parks. He proposed moving the Lake Itasca development project into a secondary document that will be discussed later, not deleting it all together.

Councilmember Specht asked if Staff needed more discussion and direction.

Parks and Assistant Public Works Superintendent Riverblood answered, it depended if there was an understanding that the CIP is a working document that is okay as it is, or if they wanted to pull out other projects for review.

Finance Director Lund stated the CIP will be reviewed at other Work Sessions and is typically adopted in December.

City Administrator Ulrich mentioned the other item related to Councilmember Riley's suggestion on the police cruiser to go with whatever is cheaper, a hybrid, gas or electric. He asked if there was a consensus with that, that the City purchase a cheaper vehicle that meets their needs.

Mayor Kuzma asked Police Chief Katers if there was a savings going to electric.

Police Chief Katers answered, there was a long-term savings going with hybrid or electric. He noted there is a cost difference between a State contract for a hybrid vehicle, versus a State contract for a gas only vehicle. From the document, it was \$32,000 to \$38,000. He noted they added an officer so they still do need the vehicle, but they are willing to go with a gas vehicle.

Councilmember Woestehoff asked about the total cost of ownership if it costs less over the long run. He also asked how long the Department keeps cruisers.

Police Chief Katers answered, 5 years at the most.

Councilmember Woestehoff stated he would like to see what the math looks like.

Finance Director Lund stated that vehicle is going to come up as a part of the budget discussion and the CIP is going to come back to the next Work Session. She stated staff will get some answers on the painting of the water towers, why it is under the same year, and Lake Itasca Park will be moved to Parks Supplemental.

2.03: Continued Discussion of 2022 Budget/Levy

Finance Director Lund reviewed the staff report. She stated the main items are the capital requests and the personnel requests which are outside of the levy and need to be discussed prior to the December 14, 2021, meeting when budget adoption would take place.

City Administrator Ulrich referenced the personnel requests, stating there are four requests for reclassifications, two requests for increases in hours, and two requests for new full-time positions.

These positions total \$216,000, of which \$168,000 are the two new positions. He explained that one new additional position will be paid for by eliminating an internship and the two new positions will cost the most but staff feels strongly they are needed.

Mayor Kuzma asked whether all of the positions were factored into the way the levy is set right now so there wouldn't be any additions.

Finance Director Lund confirmed this, adding that unless they find other funding sources because they can't increase the levy.

IT Manager Fredrickson spoke about the need for the IT Security Position. He stated the network security position has been in the personnel policy for three years. They figured they'd need additional support for desktop support, and they needed a half-time person in 2018, but opted to wait for a full-time position and picked 2022 for that date. He explained that with recent trends, security has taken priority in the private and public sectors. He feels the best solution would be to hire a Security Assistant Administrator which is an entry level position to what a Security Analyst would be for an organization. Based on other organizations he has spoken with, this position would include two hours of security work per day with the remainder of their time backing him up as well as doing Tier 1 desktop support for City Staff. He added that with all of the additions to the Police Department, this would be a good addition because there are a lot of security concerns including BCA, FBI, cameras, body cameras, and squad cars and this person would also be helpful with those items.

Councilmember Musgrove commented she didn't see any offsets listed and asked if there would be any offsets from the time that LOGIS would be doing this if this person were hired and doing that work.

IT Manager Fredrickson answered that there would be potentially in the future. At this time, LOGIS has two security people for the over 40 cities that they support, so LOGIS is not in a position to do this type of work for Ramsey. LOGIS can help if there is a ransomware attack and they audit every four years for their members, but that is all LOGIS is capable of with their staffing levels. He explained there are talks of security as a service and a potential operations center with active monitoring with either 8am-5pm or 24-hour service, but that is down the road for them. He explained with the person coming on, it would be beneficial to build their institutional knowledge by mentoring with LOGIS staff and learning their specific needs. He stated there is a potential savings for any items that come up, noting LOGIS staff costs \$125 an hour, so any work this person could take over from LOGIS would be a potential savings.

Councilmember Musgrove asked if LOGIS is not currently being used for these tasks because they don't have the manpower.

IT Manager Fredrickson answered, just for the things they currently do including PCI compliance audits, Pen testing, compliance items that LOGIS helps out sometimes.

Councilmember Musgrove referenced IT Manager Frederickson's comment about the Police Department and asked if IT right now supports the technical computer networking needs of the Police Department as well.

IT Manager Fredrickson confirmed this and added they are also responsible for the Fire Department, Public Works, and City Hall.

Councilmember Woestehoff referenced the new position and the instance where LOGIS has taken several months to address needs. He asked if this new position is intended to not only offset the cost but also the speed of LOGIS so the City wouldn't remain vulnerable for such a long time.

IT Manager Frederickson confirmed this.

Councilmember Woestehoff stated he supported this role but had concerns that the description as written would require finding someone who is a good systems person and a good network person, which would be difficult because they are different things. He felt the position would be the right step for security but from a systems administration standpoint, a network administrator would be a different role for years from now.

Mayor Kuzma asked if the Council had questions or objections to the new positions.

Councilmember Howell referenced the new positions and the expenditures, noting it is a big expenditure. She felt in regard to the Parks Maintenance Worker, that there are ways they could be creative with putting in natural grasses and wildflowers to cut down on park maintenance time. In regard to the Security position, she asked if they had looked at other cities that use providers other than LOGIS.

IT Manager Fredrickson answered he looked at third parties as far as what it would take to fulfill the security side of this role, such as CIT which comes with mixed reviews from other cities. The CIT intro package included a list of recommendations for security measures that needed to be met and giving it back to the staff to do, with a cost of around \$15,500 to just do that. He noted that bringing on one of their people for a couple hours a week to do active security work and remediation would be closer to the cost of this position, between \$60,000- \$80,000.

Councilmember Woestehoff commented from a market perspective, he would concur that LOGIS is probably the cheapest option out there, noting they bill at \$125 per hour, which is about \$50 less than what they bill for some of their clients. He stated the City is not getting a bad deal with LOGIS but at the size and scale that the City operates, it's advisable to have a dedicated systems person.

Councilmember Specht asked, for comparison, what size of IT staff do other cities have.

IT Manager Fredrickson answered that he has spoken with several neighboring cities about the size of their IT staff and learned that Elk River is at four, Coon Rapids also had four, and Andover had two to three staff members.

Councilmember Woestehoff stated that he has 14 cities as clients, most in Hennepin County, and none have less than four IT staff.

Councilmember Musgrove asked IT Manager Frederickson for his thoughts if this were a part time position or a student intern. She referenced the two hours dedicated to security with other duties being assigned and wondered if they weren't able to find someone to work full-time, would he consider other options.

IT Manager Fredrickson answered it was his understanding that this role, based on the title, is directed at security students coming out of school looking to break into the industry. A Security Analyst, which is the next higher position, would require five plus years of experience. He has been hearing there is a lot of interest in this type of position so he doesn't think they will have trouble finding someone but they would have a harder time filling the role as a part-time position.

Administrative Services Director Lasher noted that currently and historically, the City has had a hard time retaining part-time employees. There is high turnover, which would be a concern from a recruiting perspective.

Mayor Kuzma asked if there is a consensus to move forward with what is being proposed.

Councilmember Musgrove commented that she supported the new position for IT and a part-time receptionist. She questioned funding for the receptionist.

Administrative Services Director Lasher answered that cost would be offset every year with this position because they wouldn't hire an intern.

Councilmember Musgrove commented that she would like to see the Parks Maintenance position adjusted.

Mayor Kuzma noted that five Council Members are supporting it.

The consensus of the Council was to follow staff's recommendation.

2.04: Discussion of Franchise Fee Rebate Continuation

City Administrator Ulrich stated the Council is asked to reconsider the franchise fee rebate, which had been proposed during the process of going to the tax levy to eliminate that rebate. He noted it is up to \$168 dollars a year, which is the amount of the franchise fee, the lesser of that, or the annual assessment was rebated.

City Administrator Ulrich reviewed the staff report and the impact to commercial properties. He explained the easiest thing to do, if the Council wanted to keep the franchise fee, is to be at the lesser of \$168, or the annual assessment for commercial properties, and continue the program. An alternative would be if the Council wanted to make the annual rebate less, to set it at \$100 or \$300. He noted the commitment the Council made initially when they started this program was that the \$168 franchise fee would be rebated but the Council is expanding that now to include the entire

tax levy, which is difficult to adjust to each individual property. He stated if the Council wanted to continue the rebate, the suggestion would be to continue with \$168 for the commercial properties. In that case, the revenue impact is around \$56,000 to the program which is not that substantial if the Council felt it was important to continue the rebate program.

Finance Director Lund commented it would follow the same procedure the City is currently doing. Staff sends out a letter and they have to apply. If the City gets a letter back saying the resident wants the rebate, they get it back. She noted staff is not sending everybody a check if they are on the list because they have to apply for it and only the original assessment holder of the property would be eligible. She noted that following the same item, it will be going out in January because they paid through December. During that time, she will include in the letter that the franchise fee has been eliminated but the rebate program would continue for the term of their assessment.

Councilmember Riley stated it makes sense to do rebates based on the year they are continuing but to not tie it to a franchise fee that no longer exists.

Councilmember Musgrove stated her point in bringing it up was because that was a part of the \$1.9 million that was raised so it looks like the City has set aside \$50,000 a year. But they came under budget because the budget is \$56,000. That is the purpose behind looking to see if that can still continue because that is accounted in the \$1.9 million. She wasn't sure if more information could be provided.

Finance Director Lund answered that the \$1.9 million was based off the amount needed to have the franchise fee generated. The projects that are listed in the pavement management, the \$1.9 million was an average over a 10-year period of time and it fluctuates. She noted the rebate is still staying in effect for 2021 to pay out the people that have paid the franchise fee. The \$1.9 million was an average of what was needed for the franchise fee back when they did the pavement management.

Councilmember Heineman stated his understanding that when they did the rebate for the franchise fee, it was with the understanding that there are certain amounts of time when people were being assessed, and others weren't. When the franchise fee came, it was a new mechanism to pay for roads. Since they were taking ownership of part of the payment off the individual and putting it on the community, the City gave the individual part of their assessment back. He noted the same principal is true if it is over the franchise fee or over a levy. He stated the fact is that there are a lot of people that paid into an individual assessment but the burden has shifted now to the community so it's the right thing to do, to make sure those who were assessed during that period get paid back.

Councilmember Riley asked if it shouldn't be an increase in tax that they are realizing this year.

Councilmember Specht answered that would be harder to figure out.

City Administrator Ulrich commented that another option would be to give a percentage of their annual assessment back, to not base it on the franchise fee. He stated if the Council is interested in that option, staff could run the numbers on that.

Mayor Kuzma asked how would they know how far to go back.

City Administrator Ulrich explained when they issued the bonds, there was a limited number, they run for 10 years and since staff knows when that is, they would be able to determine it.

Finance Director Lund commented there are 381 parcels that still qualify as of today. For 85 of them, their assessment exceeds the franchise fee so they would need the amount determined. Otherwise, they would get rebated back the special assessment amount that they paid in. She explained that is a route they could go to determine how much the 85 would get.

It was the consensus of the Council to direct staff to get more information and continue the discussion.

2.05: Review of Fund Balances as of October 20, 2021

Finance Director Lund explained this is a summary of where the fund balances are in comparison to the cash balance.

Councilmember Musgrove asked if it was without the October receipts.

Finance Director Lund answered, that was correct as the October receipts have not posted yet.

3. TOPICS FOR FUTURE DISCUSSION

3.01: Review Future Topics/ Calendar

Noted.

4. MAYOR / COUNCIL / STAFF INPUT

None.

5. ADJOURNMENT

The Work Session of the City Council was adjourned at 6:58 p.m.

Respectfully submitted,

Kurtis G. Ulrich
City Administrator

ATTEST:

Katie M. Schmidt
Deputy City Clerk

Drafted by Joni Helmeke
TimeSaver Off Site Secretarial, Inc.