

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

The Ramsey City Council conducted a City Council Work Session on Tuesday, July 25, 2023, at the Ramsey Municipal Center, 7550 Sunwood Drive NW, Ramsey, Minnesota.

Members Present: Acting Mayor Chris Riley
 Councilmember Chelsee Howell
 Councilmember Debra Musgrove
 Councilmember Michael Olson
 Councilmember Dan Specht
 Councilmember Matt Woestehoff

Members Absent: Mayor Mark Kuzma

Also Present: City Administrator Brian Hagen
 Finance Director Diana Lund
 Parks and Assistant Public Works Director Mark Riverblood
 Administrative Services Director Colleen Lasher
 Assistant City Engineer Joe Feriancek
 City Engineer/Public Works Director Bruce Westby
 Street Supervisor Shane Turner
 Police Chief Jeff Katers
 Fire Chief Matt Kohner
 Community Development Director Stephanie Hanson

1. CALL TO ORDER

Acting Mayor Riley called the City Council Work Session to order at 5:30 p.m.

2. TOPICS FOR DISCUSSION

2.01: Continued Discussion on 2024 Budget/Levies

Finance Director Lund provided an update on the 2024 budget and levy, including the numbers from the County. She reviewed the increase in valuations which went up by nearly 12%. She noted that the total levy is proposed at 10.35%, which is an overall increase of \$1,887,000. She added that the proposed tax rate is 40.152% based on the status quo. She reviewed the budget with all Staff requests which would be a \$4,259,000 increase with a tax rate of 45.473%.

Acting Mayor Riley asked if this included the equipment bonds.

Finance Director Lund explained that the equipment bonds will be discussed later.

Acting Mayor Riley asked if these numbers are consistent with what the Council has discussed previously, just with the numbers from the County attached.

Finance Director Lund said yes. She reviewed the non-discretionary items. She reviewed the different tax rates depending on which budget they move forward with.

Councilmember Musgrove asked about the fiscal disparities and that they are broken out for the EDA and the bonds. She asked if there is a requirement that they go to these categories.

Finance Director Lund said yes and explained that the fiscal disparities do have to go to the appropriate categories as these entities are taxed this way.

Councilmember Musgrove asked if the Council has any discretion in this area.

Finance Director Lund said no and that these are audited. She reviewed the status quo budget and the capital requests budget. She noted that she removed the two plow trucks as they are included in the property tax levy, as well as the police squad videos and firetruck which will be covered by the public safety funding that is coming to the City as part of the 2023 legislative session. She explained that if they did capital equipment certificates based on the 2024 request that currently do not have funding, they would levy around \$119,500. She added that there are some numbers for the 2025 and 2026 requests as they will sometimes do a multi-year levy.

Councilmember Woestehoff asked if they do a multi-year levy for equipment certificates if the assumption is that the price for the equipment stays the same and they are bought in their respective years.

Finance Director Lund said yes and that there should be an inflationary number in place. She reviewed the options for the capital equipment certificates. She noted that the market value exclusion is going up by \$100,000 but not until 2025. She stated that the average home value in Ramsey is \$350,100, which is a 1% increase over last year. She reviewed the different levy amounts based on different budgets.

Councilmember Woestehoff asked if they have the commercial numbers yet.

Finance Director Lund stated that she did not run the commercial numbers yet as she was waiting for Council input due to the commercial valuations being much higher. She added that the State general tax is also looking at helping out with commercial properties.

Councilmember Musgrove asked if the capital issuance is issued all in one year making the interest rate one number.

Finance Director Lund said yes and that the interest rate is at the time of issuance regardless of whether it is a multi-year levy.

Acting Mayor Riley asked if the status quo budget has capital improvements included and that they would only have to borrow additional capital budget or if this came out of the budget and becomes part of the capital expenditures.

Finance Director Lund explained that since the funding for the new plow trucks was already authorized it was put as part of the status quo budget. She noted that she did remove these items for purposes of the capital equipment certificates.

Councilmember Musgrove asked for a definition of 'status quo' in terms of the budget.

Finance Director Lund explained that there have been small line item increases in the regular budget. She stated that it is the sum of all of the budgetary line items that are non-discretionary.

Councilmember Woestehoff asked if 1% equaled \$182,000 on the budget.

Finance Director Lund said yes.

Acting Mayor Riley noted that the status quo budget includes items that are already approved and items that have been built in the next year's budget.

Finance Director Lund said that was correct. She discussed what the status quo budget includes. She reviewed the items that were additional requests, including personnel requests and the capital equipment.

City Administrator Hagen stated that rather than paying for the plow trucks up front it can be built into an equipment certificate which would increase the annual debt service levy by \$70,000 per year.

Finance Director Lund noted that she did not include the 2025 and 2026 capital equipment in the equipment certificates. She stated that the EDA and pavement management levies stay constant. She shared that the total proposed levy would be \$20,545,000, which would be a 12.67% levy increase over last year.

Acting Mayor Riley asked if the 12.67% is the all-in increase if all requests were made.

Finance Director Lund said yes and explained that this takes out the \$544,000 which was for the plow trucks which frees up the budget. She noted that she also did not add back the \$500,000 for pothole patching, nor the low prior items.

Councilmember Specht asked if they choose to do the debt on the capital equipment if it would only be a 12.67% levy increase.

Finance Director Lund explained that the items for the capital that she just reviewed were for the 12.67% increase, including the two plow trucks.

Councilmember Specht asked for clarification that if they move forward with the status quo budget it would only be a 10.35% increase if they move forward with the capital equipment certificates.

Finance Director Lund explained that if they move forward with the status quo budget, remove the plow trucks out of the tax levy, and add back the other items she discussed it would take the increase from 10.35% to 12.67%.

Councilmember Specht asked what the tax capacity would be for this.

Finance Director Lund stated that it would be around 41%.

Acting Mayor Riley asked if this included the debt service payment for 2024 as well as taking out the debt for 2025 and 2026 capital equipment but not buying anything yet. He asked how this debt would be serviced.

Finance Director Lund clarified that they would not be taking the debt out for those years and it would be additional on top of the existing numbers. She stated that if they also wanted to take out debt for the 2025 and 2026 capital equipment it would add an additional \$300,000. She explained that it will be the same interest rate.

Councilmember Musgrove asked if the numbers for the 2024-2026 capital requests included adding the plow trucks back in.

Finance Director Lund said no.

Councilmember Musgrove asked about the status quo budget with the capital equipment certificates and the plow trucks versus without these items and asked about the yearly payment difference.

City Administrator Hagen stated that they are currently at \$3,200,000 annually for debt and if these items were added it would increase by almost \$200,000 and if they also added the 2025 and 2026 capital equipment it would add another \$300,000.

Acting Mayor Riley asked if there is an advantage to doing all three years of capital equipment at once.

Finance Director Lund explained that the only disadvantage is that it always seems that there is something new that comes up for capital requests. She stated that she presented the three years because doing more than one year at a time so they do not have to continue to go out for debt issuance. She noted that there is a possibility of interest rates coming down.

City Administrator Hagen stated that if they issue an equipment certificate, it is similar to road bonding where it is specific for the items requested.

Acting Mayor Riley noted that Finance Director Lund shared that they did not need \$500,000 for pothole contracting next year. He asked City Engineer/Public Works Director Westby to explain.

City Engineer/Public Works Director Westby explained that they had numerous personnel requests in the budget and assuming that they do not get all of these new employees they will have funds left over to help with contracted services. He stated that if they get these positions, they would not need the \$500,000. He stated that they should have enough left in the budget to buy patching materials. He added that they also do not know what the potholes will be like next year.

Finance Director Lund explained that there is still \$575,000 in the budget related to the street maintenance items.

Councilmember Woestehoff asked where it was included.

Finance Director Lund stated that it was included in the status quo budget.

Acting Mayor Riley asked if this was the consistent amount that they have been doing for years.

Finance Director Lund stated that last year it was \$252,000.

Councilmember Specht asked if the skim patching is going to hold up through the winter. He noted that with the streets in an emergency state, this cannot happen again. He asked if they for sure will not need the extra money for streets.

Street Supervisor Turner stated that he is hesitant to say that they do have a handle on the streets as he worries that the roads could become an issue again due to their age. He stated that they can handle this if they need to with more workers. He said he hopes that they will not need the extra money but there is no way to know for sure.

Acting Mayor Riley stated that if they added the \$500,000 to the budget it would be a 15.9% increase.

Finance Director Lund added that they never know what the winter will look like and the effect it will have on the roads. She suggested looking at using the PIR fund and budgeting the higher amount for next year.

Acting Mayor Riley stated that this was a good idea since there was still so much unknown.

Councilmember Woestehoff asked if the three positions are added if they will also need another asphalt trailer or more equipment.

City Engineer/Public Works Director Westby stated that this year was an anomaly as they could not get materials and equipment. He noted that all three of the current trailers are in good operating condition.

City Administrator Hagen added that there were tasks that had not been done for a number of years as well. He stated that even if they cannot patch the roads, there are other tasks, like street sweeping, that these new workers could do.

Councilmember Musgrove asked if the funding that is being discussed is money that is set aside for contracting work and if this is separate than the budget line item for potholes.

City Engineer/Public Works Director Westby said that was correct.

Councilmember Musgrove asked for the history of how much of the budget they have used these contractors in the past.

City Engineer/Public Works Director Westby explained that they will be using a little over \$1,000,000 in contracted services this year to tackle the potholes. He noted that in the past they have maybe spent \$100,000 on spray patching in a given year.

Acting Mayor Riley reiterated Finance Director Lund's suggestion of not budgeting for the contracted services this year and if they run into a need for this it can come out of the PIR fund and it can be budgeted for in the next year to replace it.

Councilmember Musgrove asked about the total cost for the new positions.

City Engineer/Public Works Director Westby stated that it would be around \$320,000.

Councilmember Specht shared his thoughts around this and asked if it would make sense to wait on a Recreation Specialist until they can get the maintenance workers on board and get all needs maintained.

Finance Director Lund stated that the Recreation Specialist is a reclassification to the Recreation Coordinator and this is not an additional position.

City Administrator Hagen shared that then they would be looking at eliminating recreation programming as the current programming may not be able to be handled by Staff.

Acting Mayor Riley asked if the Council was okay with what they are currently discussing.

Councilmember Musgrove stated that they discussed the two different things, one of not having the contracted budget and then also the capital equipment. She asked if he was referring to both of these.

Acting Mayor Riley said yes and explained that he is referring to bonding for the capital equipment for one year rather than putting it straight in the budget or bonding for multiple years.

Councilmember Howell stated that she supports this aspect of the discussion.

Councilmember Specht stated that he does not like the idea of debt but does not think this will be too much of a burden to lay on in one year. He shared his support for this.

Acting Mayor Riley shared that he understands the concern; however, these are long lived assets.

Councilmember Musgrove shared that she is supportive of this general idea but she would like to see more numbers on what it would look like if they take the \$500,000 out of the budget and bring in the personnel. She asked if the bond issuance and underwriting fees are paid up front.

Finance Director Lund stated that it is a percentage of the bond issuance. She noted that she has already built these fees in.

Councilmember Musgrove reiterated that she is generally in favor of this.

Acting Mayor Riley asked if they should now discuss the additional requests.

Finance Director Lund said yes. She reviewed the additional requests.

Acting Mayor Riley asked if anyone wanted to discuss any of the capital or personnel items. He noted that the low priority items are out.

Finance Director Lund stated that the low priority items are out other than the permit tech.

Councilmember Musgrove asked about the need for a new Chevy Equinox for Community Development over an SUV or a sedan.

City Administrator Hagen stated that it is for the mutli-family housing and rental inspector. He stated that the vehicle is a low priority item since this program likely will not come on until June or July. He noted that the cost of a car and a small SUV is very similar.

Acting Mayor Riley asked about the different Bobcats that are being requested and if these will be for shared use.

Street Supervisor Turner explained that the reason for this request is that they are currently sharing two machines. He noted that the new Bobcats will be shared within Public Works for other projects, including trails. He added that this equipment will also be safer than what they are currently using for trails. He noted that the current equipment is used on a daily basis and he assumes that the new equipment would be used the same. He explained that if the personnel requests are granted they would also need this equipment to keep moving forward.

Acting Mayor Riley asked about the front end loader requested in 2024 and 2025.

Street Supervisor explained that they currently have one sizable front end loader and if there is a maintenance issue and this vehicle is down they will get behind. He added that this is also used in multiple departments. He shared that the front end loader is used for snow removal and loading trucks with salt.

Councilmember Musgrove asked the Police Department cubics and new roof on the list.

Finance Director Lund stated that it should read 'room' and 'roof' is a typo.

Councilmember Musgrove asked about the request for a hybrid truck and which year the request is on here.

Councilmember Woestehoff said it was on for 2025.

Councilmember Musgrove stated that she is not in support of this as she has heard negative feedback pertaining to hybrids.

Finance Director Lund noted that there is a hybrid utility vehicle requested under the Police Department. She added that this is being funded by the 2023 legislative funds.

Councilmember Musgrove asked if they are able to pick and choose which vehicle they would like to purchase.

Councilmember Woestehoff noted that this vehicle appears to be the cheapest and gets better gas mileage.

Councilmember Musgrove asked what the City Hall limestone retaining wall will be replaced with.

City Administrator Hagen stated that this is the retaining wall against Sunwood Drive. He noted that they will be cleaning this up and repairing it as well as looking at landscaping around City Hall.

Councilmember Howell asked why there are requests for Chevy's and Ford's and not Toyota's.

City Administrator Hagen stated that they go off of the State bids.

Police Chief Katers explained that they get whatever is on the State contract which is going away from sedans and moving to SUVs.

Councilmember Woestehoff shared that the Tahoe and the Ford utility vehicle show that they have four year life spans while the Ram and the Durango have eight year life spans.

Police Chief Katers explained that if they are patrol vehicles that are used constantly they will be swapped out quicker. He noted that the other vehicles are more administrative and are not used as much.

Councilmember Woestehoff asked if this keeps the Police Department in the cycle of replacements.

Police Chief Katers stated that this would ideally keep up; however, there are unknowns with vehicle crashes.

Councilmember Specht asked for a good explanation as to why the levy increases every year.

City Administrator Hagen stated that it was because money was not saved up front. He noted that when it comes to the roads they have their funding figured out through 2032; however, if they do not look beyond that, they will end up back at zero again. He stated that this is a passive budget. He explained that the 12.67% levy increase accomplishes a lot and moves Ramsey forward in a passive way.

Councilmember Woestehoff added that he feels good about these numbers knowing that the taxable market value is also going up.

Councilmember Musgrove noted that with the budget formula and the ordinance any money not spent at the end of the year gets allocated elsewhere. She asked how they would be able to save for items in the future.

City Administrator Hagen explained that they have a capital list and as of right now there is no money in the bank for the capital equipment fund. He noted that they could take the three year list and take out more money than is needed for one year's project and put the excess in the bank for the following year's project.

Finance Director Lund added that the equipment fund used to have a large balance and they would add depreciable amounts for all the capital equipment to the levy so that when it came time to replace the equipment the funding was already there. She explained that as the budget grew and taxes increased they moved away from this.

Councilmember Woestehoff shared that in the past Finance Director Lund has provided feedback that doing calculations on the 5% metric can be annoying when it comes to the pavement management levy.

Finance Director Lund stated that the 5% calculation is easier.

Councilmember Woestehoff asked if they could increase this levy \$100,000 every year rather than a certain percentage.

Councilmember Musgrove noted that this may become the same issue as before where the \$100,000 may not be enough and they would still have to increase it every year. She stated that with the 5% it is always increasing.

City Administrator Hagen stated that having this annual dedicated funding is good while still having the open mind that 5% may not be enough in a few years from now. He noted that they may need to make an adjustment to this and make it earlier enough to make a difference.

Councilmember Howell stated that they need to be open to the fact that it may need to increase this but she thinks that the percentage should be increased rather than this being a flat number.

Councilmember Woestehoff added that he does not think 5% will be enough and this should already be increased.

Councilmember Musgrove stated that she is not opposed to having Staff look at this and bringing it back to the Council. She asked if they need to look at the capital maintenance fund as far as the percentages.

City Administrator Hagen explained that if they bonded for this they would be looking at what is in the plan for the next few years and bond higher so that they can put money away for cash purchases in the future.

Councilmember Musgrove asked if they would have to designate this money up front.

City Administrator Hagen said yes and that if there is a little bit of funding left over at the end after everything has been purchased then there is some flexibility.

Finance Director Lund explained that normally they would establish a separate fund because it is still debt money that comes in so it needs its own fund established. She noted that there would be a running total based on this and if there was any funding remaining, it would be applied against a future capital item.

Councilmember Musgrove asked if this is different from the excess revenue fund.

Finance Director Lund said yes. She explained that this would be a part of the general levy.

Councilmember Musgrove asked if City Administrator Hagen was alluding to doing more than one year for the bonding.

City Administrator Hagen said no. He stated that the 12.67% increase already gets many things done for the City.

Acting Mayor Riley asked what the next step was for this discussion.

City Administrator Hagen stated that he has not heard of anything that the Council would like to remove. He noted that at the next work session they will bring back the discussion on the rental licensing and look at this revenue. He added that the Council should plan to see this at least one more time as they are still waiting on some final numbers from the County.

Councilmember Specht asked if anyone would like to discuss the personnel requests in more detail.

Acting Mayor Riley stated that he would like to hear a little more on personnel.

Councilmember Howell agreed.

There was a consensus of the Council with the budget concepts discussed.

3. TOPICS FOR FUTURE DISCUSSION

3.01: Review Future Topics/ Calendar

Noted.

4. MAYOR / COUNCIL / STAFF INPUT

4.01: Communications Update Covering January/June 2023

City Administrator Hagen reviewed the communications update for the first half of the year. He stated that if the Council would like Communications Coordinator Johnson to attend the meetings to present her update she can.

Councilmember Woestehoff stated that this report was great and asked if they would be ready for GA4 google analytics. He stated that he can ask Communications Coordinator Johnson directly.

5. ADJOURNMENT

The Work Session of the City Council was adjourned at 6:53 p.m.

Respectfully submitted,

Brian S. Hagen
City Administrator

ATTEST:

Katie M. Schmidt
City Clerk

Drafted by Ava Rokosz
TimeSaver Off Site Secretarial, Inc.