

**BIG LAKE CITY COUNCIL
SPECIAL WORKSHOP MINUTES**

AUGUST 24, 2023

1. CALL TO ORDER

Mayor Paul Knier called the meeting to order at 4:00 p.m.

2. PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was recited.

3. ROLL CALL

Council Members present: Sam Hanson, Paul Knier, Kim Noding, and Paul Seefeld. Council Member Ken Halverson was absent. Also present: City Administrator Hanna Klimmek, City Clerk Gina Wolbeck, Finance Director Deb Wegeleben, City Engineer Layne Otteson, Police Chief John Kaczmarek, Liquor Store Manager Greg Zurbey, Streets/Parks/Fleet Superintendent Norm Michels, and Water/Wastewater Superintendent Dan Childs.

4. PROPOSED AGENDA

Council Member Noding motioned to adopt the proposed Agenda as presented. Seconded by Council Member Hanson, unanimous ayes, Agenda adopted.

5. BUSINESS

5A. 2024 Budget Review

Deb Wegeleben provided information on the 2024 draft Enterprise Fund Budgets and the Capital Improvement Plan (CIP). Wegeleben gave an overview of proposed utility rates for 2024 including a 0% increase to water and sewer, an 8% increase to industrial water and sewer per contract, and a 5% increase to municipal water usage with municipal sewer rates remaining flat. Wegeleben also reviewed the Water Fund, Sewer Fund, Storm Sewer Fund, and Liquor Store Fund.

Seefeld asked if the 2024 budget includes funding for the CMRP group. Wegeleben responded the annual fee is currently allocated in the 2024 budget, which generally is paid in January of each year.

A summary of the 2024 CIP was also reviewed, and Wegeleben noted the plan identifies needs for each department through 2028. Wegeleben also reviewed repairs, computers, squad car computers, and election machine replacement expenses and implementation of a fourth precinct, as well as fire, police, and public works department equipment needs. Norm Michels reviewed vehicle/equipment needs for

the Public Works Department, and John Kaczmarek discussed computer, radio and vehicle needs for the Police Department.

Wegeleben discussed the Parks Department needs, noting the Park Development Plan is pretty significant and we currently have \$338,500 in the Park Maintenance fund and \$668,408 in the Park Dedication fund. The Parks Board will need to decide what projects they want to do with the funds that are available. Wegeleben also reviewed the Park Dedication fund can be used towards the improvement of parks, recreational facilities, playgrounds, trails, wetlands, and open spaces. Upgrading or enhancing existing parks or playground equipment would also meet that criteria, but it cannot be used for routine maintenance or partial replacements.

Wegeleben reviewed Local Government Aid (LGA) allocations. LGA expected for budget year 2024 is \$877,751. Wegeleben also reviewed Special Revenue funds for BLEDA, the Farmer's Market Program, and Music in the Park. Council Member Noding discussed the Music in Park program was partially funded through CMAP funds when it was under the Legacy Foundation umbrella.

Discussion was also held on the Big Lake Fire Department Joint Powers Budget, which was considered at the July 2023 Joint Powers Fire Board meeting. The budget includes a 3.05% increase in operational expenditures, a 4.72% Personnel increase, and a new monthly stipend for a Training Chief in the amount of \$600.

Council Member Seefeld asked how much the new sick and safe leave requirements will cost the city as a whole. Wegeleben responded the City is estimating this program will cost an additional \$17,000 each year.

Mayor Knier asked when an update to the City's Comprehensive Plan will be needed. Wegeleben responded the normal timeframe to update a Comprehensive Plan after adoption is every 10-years, so our next scheduled update would be in budget year 2028. Hanna Klimmek clarified we aren't mandated to update it every 10 years, it would be at the discretion of the Council when updates are done. Mayor Knier also discussed the plan to set aside \$200,000 for ongoing water tower repair costs, plus the \$750,000 for tower rehabilitation in 2024.

Mayor Knier asked how much a splash pad would cost. Wegeleben responded the last time we looked at pricing for a splash pad it was estimated to cost \$140,000. Michels clarified that price doesn't include maintenance costs, which when we last checked pricing in 2017, the estimated maintenance costs at the time were approximately \$30,000+ per year. Dan Childs noted the price of chemicals has significantly increased so we should anticipate the maintenance costs have increased since 2017. Council Member Noding discussed how popular this type of amenity would be. Knier reviewed most of our parks offer the same type of amenities, and it would be nice to offer something different. Council Member Seefeld asked if we have considered which park location a splash pad would be a good site for. Michels responded the Lake Ridge Park would be the first one to look at as it does not have a large number of trees. Wegeleben commented a new splash pad would qualify to be funded from the Park Dedication Fund. Council Member Hanson discussed a natural themed park located in the City of Ramsey that has all

nature-themed playground equipment. In discussions with the City of Ramsey, they indicated the park looks fancy, but was relatively cheap to build. Knier stated a splash pad amenity would be a great way to use Park Dedication Funds. Michels stated he would contact the City of Elk River to get information on their Lake Orono Park amenities, and Wegeleben stated she would contact the City of Becker to get information on their splash pad amenity. Wegeleben also suggested offering citizens an opportunity to participate in a memorial bench fundraising drive.

Mayor Knier discussed the BLEDA levy, asking how the BLEDA would operate if we chose not to levy the \$130,000. Wegeleben responded we have to fund BLEDA either by a transfer from the general fund, or through a BLEDA special levy. Knier commented BLEDA Supervisor Dickinson always votes against a BLEDA levy as he prefers to transfer from the general fund.

Wegeleben also reviewed the City's franchise fee program which was implemented in 2014 as there was such a high levy increase that year, and the City needed to find a new revenue source. Wegeleben noted the amount of work that needs to be done to revamp that program, indicating time will not allow us to make a change to our 2024 budget, but with Council direction, we can work toward changes in future budget years. Wegeleben reviewed if we decide to cancel our franchise fee program, the City would need to levy for the \$450,000 we transfer into the Street Maintenance fund, which would increase our levy an additional 16%, noting our tax rate would also go up. Wegeleben also reviewed another alternative would be to not transfer funds to the Street Maintenance fund anymore. Council Member Seefeld stated his concern that franchise fees are a hidden tax, and it taxes schools, charities, churches and the City, so tax dollars are being taxed by it. Seefeld stated he has always been an advocate for getting rid of the franchise fee program. Mayor Knier agreed that it is a hidden tax, and in principal, would be good to get rid of it. Knier also stated he does see some issues with increasing the levy to get rid of franchise fees as he sees this change as penalizing success. Knier asked if we could put it on our levy as a set amount per tax payer, as opposed to a percentage. Wegeleben responded a levy is a calculated rate based on our tax rate, and this would have to be in our general fund. Knier commented the City has been working very hard to reduce our debt, asking if we can realistically get rid of franchise fees without levying that amount. Wegeleben reviewed the current plan is that when we reduce our debt payments, we have been transferring that same amount to the Street Maintenance fund so we can maintain our streets without having to bond. If we end up cutting the franchise fee program without levying that same amount of revenue, we would have to cut the \$450,000 transfer to the Street Maintenance fund, which would push off our street improvements without having to borrow. Wegeleben explained revenue from the franchise fee program has been dedicated to our CIP fund. Council Member Hanson agreed franchise fees are a hidden tax, but stated he doesn't want to see us increase our levy to get rid of it. Seefeld commented increasing our levy would be more transparent. Knier asked if there are ways we can ensure the fee is not hidden. Wegeleben explained we are already required to show it in every line item in the budget, and we can implement ways to inform citizens where the franchise fees collected go to. Council directed this topic come back to a future workshop for further discussion.

Wegeleben also noted the Preliminary Levy needs to be approved by September 15 so this will be coming to Council at the first meeting in September. In October we will discuss and true up anything

Council wants to change before the Public Input Hearing on November 27, the Fee Schedule workshop will be in November, and the Final Budget/Levy will be coming to Council at the first meeting in December.

6. ADJOURN

Council Member Seefeld motioned to adjourn at 5:15 p.m. Seconded by Council Noding, unanimous ayes, motion carried.

Gina Wolbeck
City Clerk

09.13.23
Date Approved by Council