

**SPECIAL WORKSHOP MINUTES
OAKDALE CITY COUNCIL
July 19, 2022**

The City Council held a workshop on Tuesday, July 19, 2022 at Oakdale City Hall, 1584 Hadley Avenue North, Oakdale, Minnesota. The meeting began at 5:30PM.

Present: Mayor Paul Reinke

Council Members: Jake Ingebrigtsen
Colleen Swedberg
Kevin Zabel
Susan Olson

City Staff Members: Christina Volkens, City Administrator

Jason Zimmerman, Finance Director
Jim Romanik, Public Works Manager
Andrew Gitzlaff, Community Development Director
Greg Brady, Chief Building Official
Kevin Wold, Fire Chief
Miranda Williams, Administrative Assistant, Public Works
Holly Wilson, Human Resources Director
Kyle Stasica, Accounting Manager
Nick Newton, Police Chief
Julie Williams, Superintendent, Recreation

Mayor Reinke welcomed everyone and introductions took place. He acknowledged the tremendous amount of work and leadership that went into learning and exploring the new budget system OpenGov and extended his gratitude to all departments heads and staff that dedicated their time to this process. He also asked attendees to please keep in mind that the presentations that will be reviewed are understandings of where we believe we are headed financially and what goals each department wants to achieve. Final numbers for property tax projected and fiscal disparities in 2023 is not yet known.

City Administrator Volkens shared with the group the plan for the discussions. There were links available that were reviewed per each division/department budget, the department heads will give a brief overview of their budget highlights with any future open positions requested, with time left for questions/comments/feedback by Council.

Finance Director Zimmerman took some time to explain the process in creating the budget for 2023 and the tool that was used in the process. The online budgeting tool includes interactivity with links and navigation on a high level. The user is able to click on different areas for values, details, graphs (the user can also enter in his/her own stats/numbers and then can reset the graphs to the original information if needed.)

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Much of the information that was gathered and reviewed for the budget presentation came from community statistics, census bureaus and council meetings. Once pulled together it provided a good understanding of the Oakdale population and breakdown and how that may change along with wage and housing market trends.

Mr. Zimmerman noted that many of the pages likely look familiar as they came from past slides from a truth and taxation meeting. Other pages in the budget include a chart of accounts, structure and allocation of funds along with a levy summary, composition of capital, general fund, debt levy, bond types/details, replacement funds and actions.

The Capital Levy will include information on vehicles and other capital improvements. Once the debt on the equipment certificates are satisfied, that payment will then be backfilled into the Vehicle & Equipment Replacement Fund (VERF).

RECREATION – JULIE WILLIAMS

Recreation Superintendent Williams reviewed recreation budget highlights for the Council stating the 2023 budget will be very similar to 2022, with a few additional requests.

A few new line items included; a \$5,000 increase to upgrade equipment and renovate the display room, a cost for new software system (Civic Rec) and the cost for remodeling the 'new' ITS truck. The ITS Truck will be a retired ambulance that will need to be updated.

Council Member Zabel asked for clarification as to why the ITS truck is in the Recreation budget as it should be included in the Vehicle Replacement fund. He also asked about the display room and suggested the City or Council revisit the idea of going to the St. Paul Realtors for a grant towards this project. NOTE: It was later determined that the City is not eligible for any grant from St. Paul Relators for this purpose

City Administrator Volkens explained that the entire cost of the new ambulance came from the Vehicle Replacement fund however fixing/upgrading it would be an operational expense.

Council Member Swedberg asked if the Council feels the Wellness Group or the Age Friendly Committee should have any allocated dollars in the Recreation budget? Ms. Volkens explained that because those two programs are non-profit, it is not a proper practice to add them to a budget. They are not municipal government nor are they funded groups. However, Ms. Williams did assure that she does have 'printing' included in her operational expenses of which \$300 could be used for printing materials towards these programs.

Council briefly discussed 'authority' across the departments and who should be able to authorize expenses and to what dollar amount. Mayor Reinke agreed this needs to be established across all departments.

Council Member Zabel raised a question about the FTEs in the budget and wanted to know if it may be a good idea to list out part-time employees (as well as FTEs).

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Mr. Zimmerman and Ms. Volkers explained because the Recreation department is very different in its staffing due to the variety of programs, program lengths and staffing needs, and that summer staff are not budgeted individually in dollars but it's more of an amount that is divided based on need and event for summer help/programs.

Council Member Swedberg asked about the location in the budget for the Eder Schoolhouse maintenance / painting and Ms. Volkers confirmed that is part of Public Works budget and would fall under operations for a 2023 request.

FIRE DEPARTMENT

The fire department budget discussion centered around the operations of fire vs. ambulance. Currently ambulance is not in the city general fund, but both fire and ambulance are being proposed to be merged into one general fund budget for 2023.

Fire Chief Kevin Wold presented his budget with historical data, photos, partnership with training centers, objectives in community outreach and staffing structure.

Mr. Wold stated the principal factor of the 2023 budget is the conversion to a full-time career fire department from a hybrid full time and volunteer-based fire department. As it stands the department is derived of two separate entities; City and Fire Corporation. Closing down the corporation and becoming one entity (a city run fire department which will be all career) and establishing one budget with everything incapsulated is how the 2023 budget was derived. Mr. Wold had budgeted 23.5 FTE for 2023 (which is consistent and full transition to the fulltime career fire department structure).

Some notable highlights are; \$558,000 was the annual contract amount will not be needed next year, therefore that gets added back into the city budget along with \$185,000 of State aid for the firefighter's pension. Both of those amounts will have corresponding expenses to the city beginning 2023 which will include \$274,000 for current operational expenses, such as utilities, lights, fire equipment, medical supplies, repairs and maintenance and salaries for the last three firefighters hired this year.

Council Member Olson asked for detail on the MN Care Tax that is listed at \$30,000. Mr. Zimmerman clarified that is a State tax that covers such things as inspections and licensing.

City Administrator Volkers also pointed out again that the ambulance fund is running out of money so it was merged into the Fire Department budget general fund budget.

Mr. Wold recapped ambulance revenue in 2021 – it was \$1.2M in which there were many salaries coming out of that fund. The department is projected to receive \$1.4M this year with the ambulance rate increase (this is year two of the three-year rate increase).

There are two current contracts that will have to be either renewed or renegotiated as well. The first contact is with the city of Landfall at \$37,000 and the second (which expires in 2024) is with the city of Pine Springs at \$8,000. Both contracts will need to be reviewed and made into city contracts if those cities are interested in continued fire service from Oakdale.

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Mr. Zimmerman shared that many agencies have complained about the Medicare and the Medicaid reimbursement process. The process will be changing whereas the onerous process will be put onto the Fire Department in regard to data collection and if is the City does not participate; the Government can reduce our revenue by 10%. He explained an issue that will arise is the majority of the operating costs come out of the corporation and we don't have the financial information and in turn, it will put a lot of extra work on Chief Wold and his staff to gather that data. This will require one year of gathering data and one quarter to get all the information to them and if we don't we are subject to the 10% reduction.

IT & COMMUNICATIONS

Currently all the Communications positions are filled. In 2022 the budget included dollars for a form/document creating software that we will no longer need with the addition of OpenGov. Also, Communications Manager Lori Pulkrabek has reached out to a couple of vendors for estimates of costs of printing materials. Due to the instability of the cost environment, at this point they will not lock in any prices for 2023. Communications will continue to do newsletters and operate as they have been until further notice.

City Administrator Volkens shared that other communities have posted on their communication platforms notices to their residents that they will no longer be printing certain documents and that if the resident still wants a hard copy, they would have to inform us. This is reducing the communities printing costs greatly.

Council Member Zabel mentioned that could be a complicated situation to budget because the numbers could change year to year depending on how residents react/interact with that communication notice and if they actually do sign up to receive hard copies of items.

Mayor Reinke noted a significant increase between this year and next year's budget in the personnel area of Communications? Ms. Volkens clarified that is due to the addition of the Specialist position new this year in 2023, but that 2023 will be a full budget of the FTEs.

Council Member Zabel asked Ms. Volkens about the subscription to POLCO (a survey service). Ms. Volkens stated she would follow -up with our Communications Manager in regard to this and provide feedback.

IT

City Administrator Volkens highlighted the increase with Metro INet that includes additional computers and a new phone system. Other highlights are platform enhancements such as full year of OpenGov, proposed Neogov and utility billing and proposed agenda software.

There will also be new line items for conference room upgrades for the audio/visual systems. Three of the rooms slated for upgrades are Hadley, Oak and Discovery and currently none of them are outfitted with video conferencing capabilities or any sort of an integrated system to support speakers/microphones and video. The city has received three bids for the cost of upgrading these rooms, however, the focus is on the Hadley room which was estimated at \$40,000 (in which a portion would be covered by the Cable Commission fund).

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The other two conference room upgrades would not happen in 2023 due to funding constraints and therefore would not go into the 2023 budget.

Council Member Zabel asked for clarification on what exactly would this new technology in the Hadley conference room be used for (what meetings). Ms. Volkers clarified it would be used for all meetings possible that include and /or are open to the public and staff meetings and outside partner meetings, etc.

BUILDING INSPECTIONS

Chief Building Official, Greg Brady began his presentation around projected issued permits. The Willowbrooke project is in full swing and 14 building permits for The Springs luxury townhomes have been issued along with 9 of 11 townhomes buildings and 26 single family lots. All three projects are currently up and running. The building department did give The Springs the approval to open the Club House which will help start their leasing program. They are anticipating obtaining occupancy in late August. There is currently a certificate of occupancy in one of the six townhomes and they are anticipating to have four of the single-family homes occupied or will very soon.

Combining all the permits that were issue thus far, the building department has generated \$24M in evaluation in 2021 and \$39M in 2022.

In 2021, the permit revenue was \$536,000 and in 2022 is \$735,000 YTD. In addition, the inspection program for rental housing has been restarted (first time since COVID). Currently that has generated \$142,000 in fees from inspections and there will be more from all the luxury townhomes in The Springs and all the Lennar townhomes (which will be turned into rentals). This will increase the workload for the next year and thus there is a corresponding expense increase.

Increased expenses include office materials, personal protection equipment, printing, and communications.

There was \$57,000 budgeted this year for an electrical inspector and at this point in time he has already been paid \$36,000 with another \$10,000 billed to us last week. The increased expense will all be offset by the revenue expected. This particular line item has been increased for 2023 in anticipation of all the ongoing housing projects.

Due to recent hailstorms there have been 803 permits since June 1, 2022. The department can process roughly 70-80 day. Once they are issued, they are then coming in with the pictures from the inspections and that is where the backlog happens. There is a current backlog back to the middle of June. Mr. Brady has put together a contract for an inspector to assist with the backlog and to have another body in the field to assist with inspecting roofs.

The budget does not change much from 2022 – 2023 and is relatively flat, however, the biggest challenge is the system and the permit process. The process of getting OpenGov up and running has begun and that will help with the paper backlog.

Council Member Zabel asked if there is anticipation of the fees to rise as the fee has not changed in the last two years.

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Mr. Brady explained that the fee schedule is reviewed annually and is an ongoing conversation at the State level (MN Housing). MN Housing is a builder's advocacy group and have been down to the legislature and MN Department of Labor and Industry trying to get reduced evaluations and fees put in place.

Council Member Ingebrigtson asked Community Development Director, Andy Gitzlaff if calls are still coming in for new building projects although interest rates and prices are rising. Mr. Gitzlaff confirmed that he is still receiving calls for future building projects and the concept plans that had come through a couple months ago are now moving forward.

The building permit revenue that is typically between \$375K - \$400K every year is already at \$900K this year and next year's budget is based on what we know now as far as upcoming projects.

COMMUNITY DEVELOPMENT

Community Development Director Andy Gitzlaff shared that one of the key things is this is the first year the building and community development have been collaborating with projects in the building field and planning field and it is working out well.

Staffing will remain the same as 2022 after the final Sr. Community Development Specialist hire (which is going to Council for approval on 7/26). This will bring the department to full staff. There is also a temporary- person budgeted for next year, which will be an intern.

Not having the staff, we needed this year forced us to rely on Stantec to fill that role and they did a phenomenal job. Although we decreased that role substantially, we do still need the planning consultant and have budgeted for that at roughly \$10K for next year.

The budget did go up from last year \$80,000, which is from the elimination of the Community/Economic Development fund. Currently there is \$50K in that fund for support services, loan programs for residential business and half is slated for the Community Loan Fix Up fund which Lake Elmo Bank administers, sells to MN Housing and we buy down the percentage. There is also money budgeted for Neighborhood Works, an organization that creates opportunities for people to live in affordable homes, improve their lives and strengthen communities.

Mr. Gitzlaff mentioned he would like to get all of our existing loans under one third party to manage. Members of the Council stated they would like to bring on a collection agency.

There are some planning projects that were put into the professional services budget as well. This would include a consultant to assist with updating our codes and streamline our process of completing these updates. This also includes \$10,000 for continuation of the Business Retention Expansion and Attraction (BREA) program which is kicking off next month.

Also listed is a project for third quarter 2023 budgeted for \$50K. This project would include parks master planning, inventory of parks and equipment, future needs, geographic equities, current assets, future replacements etc. for all parks.

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Another new line items if for Tanner's Lake (park). Per City Administrator Volkens, the decision needs to be made to either keep the park and improve or expand it. The same consideration will be done for Walton Park within the next few years.

Confirming there will be no more "slush fund" to utilize, Council Member Zabel asked about the remaining \$163K that is currently in there and asked if that \$163K could be used for some of the one-time expenses in 2023 instead of those expenses coming from levy dollars. Finance Director Zimmerman stated the plan was to transfer that money to the general fund to help offset these increased expenses.

POLICE DEPARTMENT – NICK NEWTON

Police Chief Nick Newton, began with the department accomplishments. Currently the police department is working towards updating technology and adding laptops for field use (in police vehicles). There are currently three rotating investigator positions that will use this technology and this gives the officers the experience of working with legal and putting together criminal cases.

There was a budget increase of \$13K for overtime, professional services, tasers, fencing consortium, hero center, body armor, increase in the cell phones and data plans (data plans are also used in the laptops while in the field). There is also a request of adding four more officers next year.

City Administrator Volkens clarified that out of the four new positions Chief Newton spoke of, two patrol officers and one sergeant would be funded and the last position would be reimbursed from a grant.

Chief Newton explained the request for a 'supervisor' or sergeant position. This position would be devoted mainly to the Police Department building expansion project. The new person would manage this project completely and once that is complete, will be placed as on patrol.

Ms. Volkens explained to the Council that the police department is short staffed a couple positions out due to workers comp, however, with the salary savings it will be brought to Council to approve hiring a position this year that was budgeted for next. She will be meeting with the League MN Cities in regards to this workers comp salary savings and bring the detail back to the Council at a later date.

Council Member Zabel asked about the timing of hiring a supervisory role and that it does not coincide with the future building addition to the police department. Chief Newton explained that he would like to have that person on staff approximately 1.5 years before the beginning of any new building opening because there are currently closets and storage areas full of information / documentation that need to be taken into consideration and dealt with. The information would have to be gone through and either shredded or scanned in by clerical staff. This would have to happen before the upgrades / additions began to clear out those areas.

Council Member Zabel also asked about the part-time wages that were on the 2022 budget but not listed on the 2023 budget. Chief Newton said that was due to a part-time Community Service officer which they will not be doing next year. There will only be two full-time CSO positions.

HUMAN RESOURCES, RISK MANAGEMENT

The Human Resources budget is a newer budget as the department itself was created upon Human Resources Director Holly Wilson's hire at the end of 2021.

There are two staff members in Human Resources, the Director and a Human Resources Assistant. The budget next year will include funds for professional services such as a recruiter, labor/attorney and some miscellaneous expenses. The 2023 budget is a 'trial' based off the costs of 2022.

The department partners with five unions. Three of the Unions have signed new contracts and the remaining two will be negotiated at the end of the year for 2022 for 2023-2024.

Some main goals of the department are to update policies and streamline performance review processing and recruiting. Ms. Wilson has budgeted for Neogov, a software that will assist with some of the processes.

City Administrator Volkens asked Ms. Wilson to confirm if the \$20K in the 2023 budget is an accurate amount for the new software being requested. Ms. Wilson explained that it is slightly lower as it's a three-year contract. The cost would be closer to \$12K for year one and two and then go up to \$17K in year three. This platform will also include an application called Perform to enhance which will streamline and make the performance review process easier to navigate and allow the employee to update accomplishments, goals and such throughout the year.

Council Member Zabel asked about the actual dollar amount for overtime in 2022 which appears to be the same for 2023. Ms. Volkens confirmed that the overtime this year was due to a new payroll system and the budgeted amount was an 'guesstimate' off of that.

Council Member Swedberg asked for clarification on the term 'buy out of paid holidays'. Finance Director Jason Zimmerman confirmed that is for Fire and Police employees only.

The Risk Management discussion topic will be moved to a later budget meeting as Ms. Wilson and Mr. Zimmerman would like to refine the numbers and information before presenting to the Council.

CITY HALL BUILDING MAINTENANCE & PUBLIC WORKS BUILDING MAINTENANCE

City Administrator Volkens began by explaining the maintenance / repair process of the day-to-day needs within the office spaces. Currently Public Works and the Police Department manage these requests via their staff. For instances like office repairs employees are calling Public Works for assistance and regarding calls/issues with the electrical or HVAC, Office Manager Shannon Goeken at the Police Department handles these calls and in turn, typically needs to call a contractor (third party) to come in and resolve the issue / request. Ms. Volkens confirmed that after much research regarding what other cities do and analyzing our process for these needs, it would be more efficient to hire a position that would be part of Public Works to handle these requests and manage all facility requests.

Finance Director Zimmerman clarified that he cannot offer a 'cost savings' analysis as the costs have been spread out over different departments thus far and not tracked appropriately.

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Public Works Manager Jim Romanik also pointed out that with the transition of the Fire Department buildings maintenance and repair from the fire corporation to the fire department, these would be additional buildings to manage for the new position.

PUBLIC WORKS

Mr. Romanik shared that with the addition of three new parks and some new trails in Willowbrooke the department needs an additional FTE. A large part of that need is having staff available to maintain the streets and trails especially in the winter with the snow removal.

Two of the bigger increases listed in the budget are \$6800 for park maintenance (lots and woodchips) and \$6500 for an additional warming house (the cost would be for the utilities and the attendant).

Ms. Volkens wanted to clarify for Council it is one position they are asking for to maintain the parks and trails.

FORESTRY

The city currently has an issue with diseased trees, the increase in the 2023 budget in Forestry specifically is for hazardous tree removal. There is a grant that we received to assist this year and it may carry over to 2023, however, there is also an increase in the number of hazardous trees.

The rest of the budget is pretty flat and the dollar amounts are for supplies and upkeep of equipment.

FLEET MAINTENANCE

Some of the costs that were incurred in 2022 for software subscriptions were not budgeted but are added to the 2023 budget. These vary per equipment. There is also a small increase listed for fuel as the current state purchasing contract for fuel will expire on January 1, 2023.

STREET MAINTENANCE

The Street Maintenance budget consists of a consolidation of expenses that were spread out through different budgets. One of the minor additions for 2023 is the need for different snowplow blades. The newer blades will be more efficient for snow and ice control and more cost effective in the long run. Also included in for 2023 is the rental of a 'paver'. This allows the staff to repair larger patches in the streets.

The next addition and the largest monetary increase are for signage. This includes; street name signs, regulatory signs, hardware, and required to maintain the retro reflectivity standard to meet the government requirements. Currently the signs are getting changed within the warranty period and next year an additional area of the city will need these changes.

ENTERPRISE FUND

Finance Director Zimmerman pointed out to Council that in each separate budget there will be a location for salaries and benefits but in the past, it was not separated out this way.

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The utility rate study was very flawed and indicted a 3% increase. Based off capital transfers of \$400K year and then class/comp full year implementation and the 3% COLA, the current budget is not allowing for benefits. Next year the 5.5% increase here would help us break even in this area. It's hard to assume expenses based on weather trends and such.

Water and sewer are simple, a lot of the expenses are just split between the two. Such as credit card transaction fees. Staff relayed that we are trying to identify these types of fees and split them better.

Regarding utility billing, Billmaster is the software we use for utility which is incredibly cumbersome. We are speaking with a couple vendors for different software options.

Accounting Manager Kyle Stasica stated many of the benefits in upgrading our system would be seen on the resident's end if we implemented new utility software. Residents would have more access to their accounts to include detailed information. The current online portal is very generic and not utility geared and does not provide payment history. On our side of the Billmaster system, it is very difficult to run specific reports and at times you will lose data and not get it back. An example is a year-end report. If you don't run it on December 31, the data will be gone after that. Also, any rate changes that need to be updated must be done one account at a time and cannot do at one location to update all accounts. It's a very time consuming and burdensome system.

Mr. Zimmerman asked Mr. Romanik to share anything else that may have been missed in regard to the water department. Mr. Romanik stated the biggest item is under the distribution system maintenance and trying to get a more accurate number of water main break repairs. Over a three-year average, the cost was about \$270K on water main break repairs and the budget was not close to that so in 2023 the goal is to get that back in line.

Council Member Zabel asked for clarification on the FTEs and the dollar amount listed from a treatment plant grant. Mr. Zimmerman and Ms. Volkens will have further conversations to clarify this information and bring it back to Council.

Council Member Zabel asked about the overtime dollars in the water budget. Mr. Romanik explained that is due to responding to water main breaks, calls with well issues or towers and emergency shut off calls.

Mr. Romanik then pointed out more increases on the budget such as Met Council due to them raising their fee and an increase in lift station repairs.

Council Member Zabel brought up the topic of street lights in new developments and asked for clarification on who installs and maintains them. There was some discussion that the developer would take on this responsibly, however, this needs to be confirmed.

SPECIAL REVENUE FUNDS

Finance Director Zimmerman shared the plan to forfeit the Surface Water special revenue funds. The Veterans Memorial will remain and the rest will close out or expenses will be moved into other places. It is suggested that the Summerfest budget move into Recreation.

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This will help streamline and offer clarity on expenditures tracked. This way there is no levy component in regard to these funds.

At this point in the evening, due to time constraints, Council Member Zabel suggested forgoing review of the remaining budgets to include engineering and administrative areas. Council had the information prior and have reviewed requests.

City Administrator Volkens mentioned she will add one hour after the July 26, 2022 meeting to continue the budget discussion and will reschedule the August 2, 2022 budget meeting to August 4, 2022.

ADJOURNMENT

The workshop was adjourned at 8:28pm.

Respectfully submitted,
Katie Robinson / Deputy City Clerk