

Glyndon City Council

9/19/2018

Budget Meeting – 7:00 a.m.

Glyndon City Hall - Council Chambers

1. **Call to Order:** Mayor Cecil Johnson called the meeting to order at 7:00 a.m.
2. **Roll Call:** Council Members Present: Dave Owings, Justin Schreiber and Kimberly Savageau, City Clerk Wendy Affield, Administrative Assistant Susan Dayley – arrived at 7:02 a.m., and Maintenance Supervisor Scott Lofgren.

Absent: Joe Olson

3. **Budget Discussion**

- **All Departments**

Affield reported an increase in health insurance premiums for 2019 from \$558.00 to \$625.00 - \$67.00 increase per person; Health Insurance – Increased. Affield increased Professional Services \$3,000 to update the City Website; Professional Services – Increased. Stockwood items were changed accordingly in both the expense and revenue accounts because of a recent lot sale. Affield made note the raises have not been included in the expense accounts at this time. Savageau stated we can start with the revenues, we finished the expenses at the prior meeting. Affield discussed the revenue accounts, stating most line items are self-explanatory. Liquor License – No Change; Mayor Johnson asked City Staff to gather information on neighboring cities concerning the cost they charge for their liquor license. Council and Staff determined The Hill Bar & Grill and Morty's Bar & Grill are the two businesses in the City carrying liquor licenses. Owings commented Council would like Chief Cline's input to confirm whether there has been an increase in alcohol related police calls. Building Permits – No Change; State Surcharge – No Change; Animal Licenses – No Change; State Grants & Aids – No Change; Local Governments Aid – Increased; Zoning and Subdivision Fees – Change to \$0.00; Glyndon Days Donations – Increased; Miscellaneous – Decreased; Interest Earnings – Increased; Other Rents and Royalties – No Change – Water Tower Agreement with Midco, discussion among Council and Staff decided Owings will reach out to a Sprint Representative offering them cell tower rental space; Donations - \$0.00; LOMC Insurance Dividend - \$0.00. Mayor Johnson questioned what the Miscellaneous Income/Expense line item represented. Affield explained it is an in/out account to use, if needed.

- **Stockwood**

General Property Taxes – Increased; Project Reimbursement – (from Xcel for transformers) – Increased. Council discussed sharing of transformers in Stockwood. Lofgren informed Council you do not share transformers, Xcel made the remark to Mr. Curfman when he asked.

- **Garbage & Recycling**

Affield informed Council all expenses that have to do with recycling (Rosie's payroll, Fuchs recycling bill, electrical) are reimbursed to the City from the County. Other County Grants/Aids/PERA – No Changes; Clean-up weak – Increased; Residential Garbage – Increased; Commercial Garbage – Increased.

- **Bonds**

The revenue funds of \$237,597.00 from Southview Special Assessments should be received in 2019 and will be paid out in February of 2020. Savageau noted the City is approximately at a \$30,000 deficit, this does not include wage increases for everyone other than the Police Department.

Affield pointed out the pond fund is unpredictable because of the probability of new homes being built. Escrow accounts are located in the expense portion of the budget. Schreiber inquired what the reasoning is for the \$100,000 set aside for the ponds. Affield explained the funds are to be set aside for future ponds, it was guesstimated after 10 years the City would have a million dollars available to pay for the ponds instead of taking out a loan. Owings questioned how long the City has been saving for the project. Affield stated it was to begin in 2013, but the funds were still being used as part of the sewer budget until 2015. Mayor Johnson asked what the existing amount is in the account. Affield reported there is roughly \$400,000 presently in the account. Affield informed Council the revenue will stay in the sewer fund and will accumulate until needed. Mayor Johnson wondered if the present pond developed a leak, would these funds be available to cover the costs of repairs. Affield confirmed the reserves are in the sewer fund and should not be depleted.

- **Discuss Possible Raises**

Mayor Johnson asked the percent rate for last year's raises. Affield confirmed it was 3%. Mayor Johnson questioned whether it was classified as a raise or a cost of living increase, and questioned what is the difference. Savageau commented given the City does not have a pay grade system or any way of giving raises, it would be considered a raise. Affield presented a budget option packet giving the percentages of the wages, Council will need to decide on a percentage to be added to the budget. Schreiber questioned if the City would be able to hire someone at \$16.00 an hour for maintenance. Affield responded the previous employee started at that wage and after the employee acquires a water certification they will be paid an additional \$0.50 per hour. Same situation for a sewer certification, if obtained, the employee will be paid an additional \$0.50 per hour. Affield mentioned a probation period could be added where they start at \$16.00 and if after six (6) months things are working out an additional pay increase could be added to their hourly rate. Council discussed the probation period would allow the City to end employment if the new employee is not working out in the position. Schreiber suggested a 90 day or 6 months' probation period and start the pay at \$16.00 followed by a dollar raise after 6 months. Affield reminded Council they have discussed hiring out the mowing. Owings stated the City struggles to compete with wages in the Fargo-Moorhead area and believes a 4% increase in wages would be appropriate for 2019. Owings commented he would rather the City retain a grid process for raises but knows it would take a long time to put in place. Savageau informed Council when there is a grid in place, you need to make sure it is up-to-date, which means you need to hire a consultant every 10 years to re-evaluate each position. Savageau concluded it is not only the cost of implementing the grid, but also maintaining it. Discussion among Council and Staff determined setting the starting wage at \$18.00 an hour would attract a more suitable pool of applicants. Mayor Johnson commented a 2-3% increase does not make a noticeable change in a person's paycheck when they are lower on the salary scale but employees at higher salaries see a noticeable difference. Owings stated there should be two different structures for employees who are salary and employees who are paid hourly. Owings would like the hourly wage for the Administrative Assistant be the same as the new hired Maintenance Worker, which would increase to \$18.00 an hour. Savageau wondered, if on the chart, does this include 4% wage increases for the Police Department. Affield confirmed it does include the Police Department at 4%. Schreiber reaffirmed \$13,834.04 would be added to the budget with a 4% wage increase. Affield concurred. Schreiber reiterated the administrative assistant would be the exception of being increased to \$18.00. Owings stated, in his opinion, it would be fairer to the employees. Schreiber explained with the difference in wages from the worker that left, to the new employee,

the City is actually saving money. Savageau questioned where \$45,000 was going to come from for the maintenance position. Savageau commented, she considers an employee's wage but also looks at the equipment needed to do their job, if they have newer equipment it makes their job easier. Cuts need to be made but it needs to be decided from where. Affield stated there is \$20,000 in the Community Center budget for roof repairs. Savageau commented she has observed the same item. Mayor Johnson stated to keep in mind the year 2020 when Council goes through this same scenario. Kimberly questioned when the TIF District will be complete. Affield stated the City should start receiving funds in 2021. Mayor Johnson reminded Council to consider the City may be paying more for a prosecuting attorney due to the County's staffing issues. Owings recapped the budget has been set with a third maintenance position, a decision needs to be made if the City was going to hire another full-time worker or hire out services to other companies. Mayor Johnson questioned if we could go without a third maintenance position. Owings commented Council needs information regarding duties, responsibilities, and tasks the City could possibly contract out to another sources. The HR Committee has been working on these inquiries and will meet with Lofgren to establish answers to their questions. Owings stated because equipment is expensive to repair or replace Lofgren feels it is better to have experienced individuals operating them and suggests hiring a lawn service for the mowing over a high school student. Owings asked if it was determined whether to replace a maintenance vehicle next year. Savageau responded the Finance Committee decided to omit a purchase since the vehicle is in good condition. Dayley informed Council she visited with a resident who is looking for part-time work during both the summer and winter. Mayor Johnson asked how Dilworth hired their summer help, wondering if they were high school kids. Lofgren stated Dilworth no longer has summer help, the CEP Program has been altered so they no longer use the program. Savageau stated the City could hire someone on their own who is over 18 to run the equipment. Owings questioned where the \$30,000 is short in the budget. Affield stated we need to set aside the Southview bond payment funds and the yearly revenue for the ponds, the \$30,000 and raises would then be added to the amount. Schreiber wondered if the City was projected to have extra revenue. Affield is not certain because expenses were paid out for the Parke Avenue Project and the overage for the Water Looping Project. Affield explained the City will have revenue coming in for the Parke Avenue expenses once the bond is put in place next year. Savageau wondered if it was factored into the figures. Affield stated it is not factored into the budget, she will figure out the dollar amount and add it to the budget if Council feels it should be included. Discussion among Council and Staff determined the bond revenues need to be included in the budget figures for 2019. Savageau explained the City needs to consider, if a pond is built, the money will come out of the sewer fund and how this will affect the City's six months of operating. Lofgren questioned if the funds would come out all at once or would the City make annual payments. Owings explained if the pond is built, even though funds are set aside, a bond could be taken out to make annual payments so the fund is not depleted. Savageau stated land has not been purchased for the pond, that would need to be considered. Owings recollects Chris Thorson telling Council the ponds could be redone on the existing property by revamping the current system, this way we would not have to purchase more property. Lofgren commented there is approximately seven (7) additional acres of land the City owns to the southwest corner of the current ponds. Affield announced Kris Carlson is stopping at the office and she will discuss this topic with him. Council and Staff discussed several options for the ponds if land is not purchased. Lofgren reported since the Sewer Project was completed, flows to the ponds have dramatically decreased because of the pipe realignment and replacement. Lofgren explained before the improvement, the daily flows were six times the daily limit and now it is running at 50%. Mayor Johnson questioned if this was still the case with residents pumping water from their sump pumps into the system. Savageau questioned whether the life expectancy has changed due to the reduction of flow into the ponds. Lofgren stated the longevity has not changed and the life expectancy of a pond is 30 years. The pond was built in 1991 and may need maintenance

instead of making the pond larger. Lofgren conveyed the State of Minnesota has a formula it uses, 100 gallons/per day/per person, and as the City grows, they will use this to calculate the size of ponds needed. Lofgren stated, according to the State formula, 150,000 gallons should be going into the ponds each day and the permit is set at 157,000 gallons per day, which is below the allowed amount. Owings hypothetically calculated, with the lower flow into the ponds and because of the pipe relining and replacement, the life expectancy of the ponds could be extended, so what if instead of \$100,000 set aside each year we do \$75,000 and extend it out one (1) more year. Mayor Johnson asked when the ponds were last dredged. Lofgren stated they never have been but were sludge dredged in 2016 by Minnesota Rural Water, which determined the pond sludge was less than four inches (4"). Mayor Johnson stated if the ponds were sludge dredged instead of building a new one, the life expectancy more than likely would increase. Lofgren agreed and stated Fergus Power & Pump could dredge the ponds, replace the rip rap and install a new liner to increase the life of the pond. Schreiber wondered if the sides could be built up by four feet (4'). Lofgren stated that was a good question and he would need to look into it. Owings asked if the ponds had aerators in them. Lofgren confirmed they do not and that aerators are usually for deep ponds. Affield relayed she spoke to Eide Bailly regarding excess funds at the end of the year and was informed they can be rolled over. Eide Bailly will be sending a confirmation letter to Council. Owings summarized the maintenance position and sewer pond preservation have questions to be answered after information is gathered.

Affield asked if 4% should be included for raises in the budget. Owings responded to include the 4% at this time, excluding the wages for maintenance and administrative assistant positions.

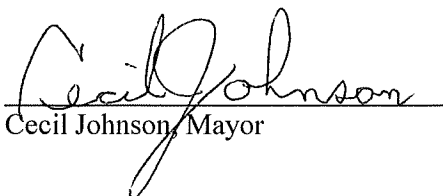
Owings concluded, when more information is collected concerning the life expectancy of the ponds, things could change dramatically. An option for the City would be to obtain a bond and use the funds already collected for the annual payment, revenues will still come in monthly which will replenish our reserves. This will also help the City receive a lower interest rate by having the funds in reserve. Affield commented she will figure the Parke Avenue expenses to be included in the revenue portion of the budget. Council discussed the lots selling in Southview and Stockwood will also help the City in the near future.

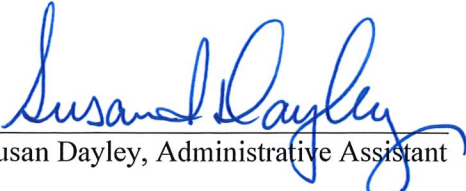
Savageau commented the sign posted on Highway 10 for the 'Stockwood Lots for Sale' should include a lot map with markers indicating which lots have been sold. Savageau would like funds from the advertising budget be used for the sign, this will be informational for people driving by showing them lots are moving and which ones are still left to purchase. Affield will contact Superfrog to get a quote and have the sign updated. Affield informed Council the next budget meeting is scheduled for Wednesday, October 24, 2018 at 5:30 p.m.

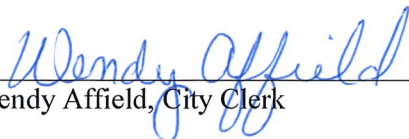
- **Tax Levy Preliminary Percentage** – To be set at the September 26, 2018 Council Meeting.

4. **Open Forum**

5. **Adjournment** - A motion to adjourn at 8:15 a.m. was made by Dave Owings, seconded by Justin Schreiber. All in favor.
Motion Carried.


Cecil Johnson, Mayor


Susan Dayley, Administrative Assistant


Wendy Affield, City Clerk

September 19, 2018 Glyndon City Council Budget Meeting Minutes