

**BUDGET WORKSESSION OF THE ANOKA CITY COUNCIL
ANOKA CITY HALL
CITY COUNCIL WORKSESSION ROOM
AUGUST 21, 2023**

1. CALL TO ORDER

Mayor Rice called the meeting to order at 5:00 p.m.

2. ROLL CALL

Present at roll call: Mayor Rice, Councilmembers Scott, Skogquist, Weaver, and Wesp.

Staff present: City Manager Greg Lee; Community Development Director Doug Borglund; Assistant City Engineer Ben Nelson; Finance Director Brenda Springer; City Attorney Scott Baumgartner; Golf Manager Larry Norland; Police Chief Eric Peterson; Utility Supervisor Jon Holmes; Public Services Administrator Lisa LaCasse; Public Works Director Mark Anderson; Utility Director Del Vancura.

Absent: None.

3. COUNCIL BUSINESS and/or DISCUSSION ITEMS

3.1 Discussion; Budget Governmental Funds and Green Haven Budget Review.

Finance Director Brenda Springer shared a staff report with background information stating on August 7, 2023, City Manager Greg Lee presented the proposed 2024 budget and levy to the City Council during a work session. Discussions took place regarding the proposed budget and proposed levy and staff proposed a 28.12% increase in the levy. She noted there were a few changes since that presentation, including revenue of \$10,000 being added for umbrella rental at the aquatic center. Ms. Springer shared that on Tuesday after the presentation Golf staff submitted their equipment requests from the consultant which required a transfer out to golf of \$251,500 to cover the equipment purchases which would place the levy increase including debt at 31.33%. Typically, at the budget worksession Council approves/rejects the capital and equipment requests to fund for the following year. Removing 100% of every capital request would leave the levy at an increase of 16.5%. So, this year Finance has included every salary, revenue and expenditure change from 2023. She said the 2024 budget has a proposed operating increase of \$2,646,218 or 31.33% over 2023 then reviewed budget elements in detail.

City Manager Greg Lee reviewed the proposed three new positions in Public Services and how they could be phased over the next three years as shared positions then noted the election period for 2024 will be a full 18-day period that reflects both proposed rate increases and coverage.

Councilmember Skogquist asked further questions on the proposed positions. Ms. Springer reviewed cost allocation increases including IT allocations based on the number of employees and necessary computer equipment, insurance, and a decrease to the garage fund. She reviewed the increase in interest revenue as park and recreation revenue based on attendance history then spoke about the increase in franchise fees, MSA funds, planning and building inspection revenue, and increase in local government aid.

Councilmember Skogquist asked if the amounts were based on fee schedules or usage. Public Services Administrator Lisa LaCasse said the proposed amounts were based on usage only.

Police Chief Eric Peterson shared comments regarding ammunition requested for tasers and auto lease expenses. Ms. Springer noted no new vehicles were included in this budget then shared adjustments made to utilities and DARE.

Ms. LaCasse shared an update on grant funds received for trees, central park system and tree trimming related to 2022 emerald ash borer grant. She shared the offset of professional services needed for grant documentation that has been reflected in the budget.

Ms. Springer reviewed increases to the fire contract in detail, transfers to SAC/WAC, and utilities, supplies and maintenance. She reviewed the proposed increase in legal fees to reflect current spending, event center costs, and revenue for The Tavern. She stated CDL costs have increased for licensing then outlined proposed equipment such as the sidewalk sweeper.

Councilmember Weaver asked further questions regarding the green machine and if it should be replaced at this time.

Mr. Lee reviewed the budget for the proposed agricultural area that included \$250,000 for the parking lot and was being used more as a placeholder to be ready should a project proceed in 2024, adding consideration could be made for purchasing the property as another option. Councilmember Weaver said he was pleased to see the amount included as a placeholder but noted an over plan will be important.

Ms. Springer reviewed the proposed umbrellas for the aquatic center and said the area for volleyball courts but wasn't used much and will likely be removed and returned to grass for open space play.

Chief Peterson reviewed the proposed UTV replacement and that staff is currently working in negotiations on final pricing.

Public Works Director Mark Anderson outlined the various ADA accessibility proposal costs included in the budget for 2024 that has prioritized based on the greatest exposure outlined in the resulting study.

Mr. Lee reviewed the proposed grocery store and how the City could wait and see or partner with a developer for a marquee sign for marketing.

Ms. LaCasse reviewed the proposed budget for the locker rooms at the aquatic center. Councilmember Skogquist asked about epoxy versus cement. She said the amount was budgeted for 2025 and ground down with clear coat then rough-surfaced.

Ms. Springer reviewed change requests approved by Council and the patio furniture for the event center and said all reflected the 27% budget increase and said staff could stand for questions.

Councilmember Weaver asked why the proposed items were included in the Green Haven budget. Ms. Springer said it was because they were event center items and not golf specific items, adding because the available fund balance at the end of 2022 was negative, they could profit with \$200,000 with a transfer in to pay for the additional equipment proposed.

Golf Manager Larry Norland reviewed the proposed equipment purchases for Green Haven. Councilmember Weaver thanked staff for the wonderful work to keep the course in such great condition.

Councilmember Skogquist asked further about the rough mower. Mr. Norland explained the proposed replacement equipment and how it would work to assist at the course.

Ms. Springer reviewed the rough mower was \$85,000 and the greens mower was \$55,000. Mr. Norland reviewed the equipment in detail, including daily use, and said the 2007 and 2008 units were currently scheduled for replacement in 2025. He said if there is still trade in value, they will use that to offset otherwise will salvage for parts. Mr. Lee said the proposed equipment replacement was recommended as part of golf course evaluation.

Councilmember Wesp asked about the proposed patio furniture and why this was the City's responsibility. Mr. Norland said these items have been the City's responsibility to date but if Council wants to add these items to The Tavern they could.

Mayor Rice asked if the furniture was used by golf and if not should be replaced by The Tavern. Mr. Norland said the furniture was used by both, mostly for dinner by golfers, then spoke about the importance of perception of the entire operation.

Mr. Lee said furniture and other equipment could be included as part of the lease agreement. Councilmember Weaver said The Tavern knows they are becoming successful and that while we have a great relationship, we may need to change the model of the lease to be more standard in the restaurant industry and suggested discussions be held when the next extension occurs.

Discussion was held on pool filters and the need for functioning filters for the aquatic center.

Councilmember Skogquist spoke about revenue changes and the need to review building fees because plan review should cover expenses and fees adjusted.

Councilmember Weaver spoke about the plumbing review fees from the state and how that will affect fees. Community Development Director Doug Borglund said staff was not sure yet of the impacts but will learn more as they move through fall.

Councilmember Weaver confirmed the recent consultant was not a new employee and that he heard no concerns from contractors so this should be an easy increase.

Ms. Springer reviewed the proposed building improvements and capital requests in detail.

Ms. LaCasse reviewed the proposed tile replacements in the senior center.

Councilmember Skogquist spoke about the UTV for police and asked questions regarding the garage fund and if it would be appropriate to pull from the garage fund versus the general fund. Ms. Springer said this could be a garage fund expenditure instead. Mr. Anderson said staff had tried to spread out the cost over time then spoke about how we can get trade in on old equipment.

Ms. Springer reviewed Green Haven exteriors and proposed upgrades.

Councilmember Skogquist asked if there is a certain amount that goes into building improvements each year. Ms. Springer said the cash balance is a cumulation of certain land sales that goes into the building capital fund.

Chief Peterson spoke about the need for increased reception for radios inside the training center then reviewed the license plate readers as proposed, noting there were some ongoing costs for this but that staff was not sure of the amounts at this time.

Ms. Springer outlined the 2024 SRP Franklin Street project. Councilmember Skogquist confirmed staff was estimating covering 25% so the exposure will decrease and asked how much will this cover in the project. Assistant City

Engineer Ben Nelson reviewed the current assessment structure and how the costs would be covered.

Ms. Springer reviewed disc golf course. Mayor Rice asked if there was any wisdom on proposing a year-round disc golf. Ms. LaCasse shared about the possibility of creating something at the golf course similar to cross-country skiing then shared more about park master plan, Sorensen Park improvements, Rice Creek gazebo, and others.

Councilmember Scott asked about improvements by 3rd Avenue and Mississippi River with vacating the easement on River Lane and the potential for another access somewhere on the north side of Rum River.

Councilmember Wesp asked about the amphitheater clean-up and about the plan, including the possibility of a plaque, including the need to determine the swale and other possibilities. Ms. LaCasse shared about the work, clean up, and trees, but said no major work or borings was planned unless Council wished to have more done.

Councilmember Skogquist said the fund balance was lower than costs on the park capital improvement fund and if adding new slats to the gazebo would be enough at this time as there are others in worse shape. He said park dedication is enough and with the Rum River trail crossing it may make sense to do trail based on what's planned from the David Weekley project. Ms. LaCasse noted park dedication cannot be used for trail acquisition.

Chief Peterson clarified ownership of the leased cameras/readers and compared the number of cameras Anoka has to other cities. Mayor Rice said cameras create a large amount of data to manage.

Mr. Anderson shared about the proposed equipment including Kubotas and mowing equipment and their use and need for replacement.

Ms. Springer shared about the proposed river dredging fund transferred annually from the general fund and once the loan was paid off for the slips the expense could be moved to cover dredging, which was estimated at \$50,000 for now as a placeholder.

Councilmember Skogquist suggested relating the dredging to stormwater to create a perpetual fund for dredging. Councilmember Scott suggested a river maintenance fund be created instead of just dredging to allow for more work that may be needed.

Ms. Springer said based on changes made tonight staff will meet with Anoka County. She spoke about fiscal disparities and updated tax capacity figures so at

the current levy increase there would be a 7.4% increase in the tax rate and the average home of \$300,000 would see an increase of \$206 per year.

Councilmember Skogquist spoke about property value changes over the past few years which will shift from housing to industrial. Ms. Springer said the sample home used was included and showed an increase in homestead market exclusion.

Ms. Springer said the proposed levy can only decrease once presented then asked for Council input on the proposed 26% increase down from 31% preliminarily set on September 8. She noted other cities were proposed increases from 10% to 30%.

Mr. Lee said ARPA funds and inflation has affected this year's current budget.

Councilmember Weaver suggested a special meeting be held on September 11 so staff can review the budget for more decreases to the proposed rate, including enterprise funds, as 26% was still very high and he would rather see an increase below 20%.

Mayor Rice said the rate would either increase this year or next.

UPDATES/REPORTS/COUNCIL SUGGESTIONS FOR TENTATIVE FUTURE AGENDA ITEMS

None.

4. ADJOURNMENT

Motion by Councilmember Weaver, seconded by Councilmember Scott to adjourn the Worksession at 7:00 p.m. Motion carried.

Submitted by: Cathy Sorensen, *TimeSaver Off Site Secretarial, Inc.*

Approval Attestation:

Amy T. Oehlers, City Clerk