

LILYDALE CITY COUNCIL MEETING
September 12, 2022

Present – John Diehl, Mayor pro tem; Councilmembers Deborah Cornell, Lyle Hanzal and Bill Kleinman; and Mary Schultz, City Clerk. (Absent: Mayor Peterson)

Also Present – Bridget Nason, attorney; Police Captain Wayne Wegener; Jennifer Koehler, Barr Engineering; and Mike Andrejka, building official; Maureen Gruntner, Pool & Yacht; Laurie Tostrud, I.S.D. No. 197 Foundation.

Agenda – Moved by Councilmember Hanzal and seconded by Councilmember Cornell to approve the agenda, as presented. Motion carried 4-0.

Public Comments – None.

August 8, 2022 City Council Meeting Minutes – Moved by Councilmember Hanzal and seconded by Councilmember Kleinman to approve the minutes of the August 8, 2022 City Council Meeting. Motion carried 4-0.

Building Official Report – Mike Andrejka issued 8 permits and closed 8 permits in August 2022.

Police Report – Captain Wegener reported 96 calls with 19 cases opened in August; stating calls were property and theft related. He attributes the number of calls in part to proactive policing.

Engineer Report – Jennifer Koehler reported Minger Construction has completed installation of the three remaining items for the lift station project. The only work remaining is the painting within the valve vault. The painting will take two days and Minger will submit a final pay application once the painting is completed. Change orders 1-5 have been submitted and approved by the council.

Minger submitted an invoice of \$8,543.35 associated with the mismarked power and power hit. Bryan Oakley, Barr Engineering, contacted Xcel representations contending Xcel has full responsibility for this invoice. No response has been received to date. Koehler explained how the cost would be covered if the city is responsible. Met Council has agreed to one-third of the cost. Minger has agreed the cost can be billed to Minger and passed this through to the city as a change order with no contractor mark-up. Change Order 6 has not been finalized.

Attorney Report – Attorney Nason is working on the Bigos project wrap up, and minor revisions to reverse 1031 exchange assignment to the development agreement. A meeting on the code revision project is scheduled for this week. Nason expects to bring the revisions to the city council in October. Attorney Nason acknowledged substantive changes were being made to the code.

Application for Gambling Exempt Permit – An application for an exempt permit from I.S.D. No. 197 Educational Foundation for a bingo/raffle event at the Pool and Yacht Club on November 20-22, 2022 was submitted for approval.

Ms. Tostrud explained the Foundation funds teacher-initiated grant requests. She invited council members to attend the 5K race at Two Rivers High School on September 24, 2022. Registration begins at 8:00 a.m. and the race start time is 9:00 a.m.

Moved by Councilmember Hanzal and seconded by Councilmember Kleinman to approve the Gambling Exempt Permit for I.S.D. No. 197 Educational Foundation. Motion carried 4-0.

Sanitary Sewer Budget – A discussion of the 2023 sanitary sewer budget indicated there are two substantial increases totaling \$55,998: municipal waste water charge and the sanitary sewer revenue note. Metropolitan Council Environmental Services (MCES) determined the city’s municipal wastewater charge will be \$99,406.03, a 46.66% increase from 2022. The sanitary sewer account is funded by sanitary sewer charges. The rate has not changed since 2016. The current fund balance is \$205,000 and is expected to be \$225,000 in December 2022.

Two scenarios were discussed with the private water main break paid in full in 2023. Version 1 is a 10% sanitary sewer fee increase, \$1.75 per month per household generating revenue of \$6,298. Version 2 is a 15% sanitary sewer fee increase, \$2.63 per month per household and generating excess revenue of \$12,929.

Mayor Pro Tem Diehl noted pre-lift station project the sanitary sewer reserve was \$350,000 and is currently at \$205,000. He believes \$350,000 should be the reserve target. Councilmember Kleinman acknowledged a rate increase is justified and proposed revisiting rates every year. Councilmember Hanzal concurred. The revenue from a 10% increase sanitary rates would amount to \$11,000 each year would reach the \$90,000 estimate in 10 years.

Moved by Councilmember Hanzal and seconded by Councilmember Kleinman to approve a 10% increase in sanitary sewer rates for the fiscal year 2023. Motion carried 4-0.

Resolution 2022-18 – In February 2022 the city council approved salary increases and an increase to the staff training budget. Also, a line item for the history project was added. The 2022 annual budget should be amended to reflect the changes. Reserve funds will be used to mitigate the increases.

Moved by Councilmember Cornell and seconded by Councilmember Kleinman to approve Resolution 2022-18 Approving Amendments to Adopted 2022 Budget. Motion carried 4-0.

Resolution 2022-19 – Adoption of a preliminary 2023 budget and proposed tax levy payable in 2023 is required by September 30 of each year by Minnesota Statute. A proposed preliminary budget of \$649,219 and a proposed tax levy for the general fund of \$605,856 were discussed. Notable budget items were highlighted. There is no change to revenue from 2022 to 2023. The adjustments to expenses for 2023 include an increase in police services from \$248,350 to \$331,076. In 2022 Mendota Heights used money received from CARES (Covid funds) for public safety wages for a one-time reduction to police billing. Fire services are decreased \$3,610 from 2022.

Property taxes are levied to fund the difference between revenue and expenses. The proposed levy of \$605,856 has a tax impact on a median valued home (\$398,300) of a \$64 increase in city taxes. The city's reserve funds may also be used to offset the difference and lower the levy amount.

A public budget meeting is scheduled on December 12, 2022 at 6:00 p.m.

Moved by Councilmember Hanzal and seconded by Councilmember Cornell to approve Resolution 2022-19 Approving Preliminary 2023 Budget and Proposed Tax Levy Payable in 2023 and Setting Meeting Regarding Final Property Tax Levy and Adoption of Budget. Motion carried 4-0.

Clerk's Report – Mary Schultz reported on the deposits and disbursements for August 2022. The deposit listed as being remitted by Lyle Hanzal is incorrect. The deposit was from Deborah Cornell.

Moved by Councilmember Hanzal and seconded by Councilmember Kleinman to approve the August 2022 financial reports as corrected. Motion carried 4-0.

Mayor's Report – None.

Adjournment – Moved by Councilmember Hanzal and seconded by Councilmember Kleinman to adjourn. Motion carried 4-0. The meeting adjourned at 5:39 p.m.

Respectfully submitted:

Final copy reviewed by:

Mary Schultz, City Clerk

Warren Peterson, Mayor

Date