

Minutes
Avon City Council
August 15, 2022

THE FOLLOWING MEMBERS WERE PRESENT

Jeff Manthe – Mayor, Katie Reiling, Aaron Goebel, Doug Schaefer, Jeff Meyer – City Councilors
Corey Nellis – Chief of Police, Landon Gudim – Police Officer, Justin Kurtz – Water Wastewater Foreman, Chuck Pelkey – Public Works Foreman, Jodi Austing-Traut – City Clerk-Administrator

Mayor Manthe called the Avon City Council meeting to order and the Pledge of Allegiance was recited.

BUDGET WORKSHOP

Jason Murray, Financial Advisor of David Drown Associates, was present and summarized the audit findings relevant to the city's financial health. Unassigned cash balance as of 2021 is \$2,877,062. The city comfortably has over two years in reserves. Murray suggested maintaining a minimum of \$1.2 million in the fund. Council could consider using up to \$1.6 million for one-time expenditures for projects and improvements (streets, sewer, water, fire hall, etc...). Council has been advised against using those funds for 'ongoing' types of expenses.

Staff indicated that the water fund has performed well, however, the sewer fund has continued on a declining trajectory over the past number of years as expenses have increased and revenues have not kept pace. Further, in 2023 the sewer fund is facing a significant shortfall of approximately \$ -172,740 due to the loss of wastewater treatment plant assessment revenue as well as shortfalls in fees mostly related to economic slowdown in construction. At council discretion, the shortfall could be offset with a combination of revenues including reallocation of fund balance, an increase to debt service levy, and / or an increase to sewer rates. Council has not raised water or sewer rates since 2018. Staff has reallocated some of the salaries and benefits from the enterprise funds to public works areas to more accurately reflect job duties and time spent on each respective task. The water fund faces a potential deficit of \$ -4,313 in 2023, however the water fund has historically performed well and has a healthy fund balance which could be reallocated into the sewer fund to offset some of the shortfalls there. Murray advised that council have further discussions about reallocating fund balance, utilizing property tax levy, and / or rate increases to cover sewer fund shortfalls. Murray will work with Austing-Traut and the city's auditor to come up with a recommendation for how to most effectively deal with sewer fund shortfalls.

Mayor Manthe presented a wage step-plan proposal for staff salaries. Goebel stated that he had checked with other cities and found that, as indicated by Mark Goldberg of DDA, cities tend to have nine-step plans similar to what is being presented. In this plan, as new employees are hired, they may be hired at a level higher than step one, and would top out at the last of the remaining steps. Mayor Manthe explained that Cost of Living is documented by the League to be 9.2% and continuing to rise. There is an adjustment of 8% COLA calculated into the budget in addition to the step increases proposed.

Motion Aaron Goebel to adopt the step plan as presented and 8% COLA both effective 1/1/2023 second Katie Reiling and carried with Meyer against.

Health Insurance rates continued to rise. Council has not raised the health insurance benefit level since 2019.

Motion Jeff Manthe to offer a \$50/month per employee increase for health benefit, second Doug Schaefer and carried unanimously.

Other budgetary notes presented to council:

- The League Insurance Trust anticipates a 5% increase in property/liability and 10% for worker's compensation for 2023.
- General Fund Expenses are expected to increase \$73,307 from 2022 to 2023. This includes a \$20k increase in fire contract fees along with rising personnel, fuel and insurance costs.
- Capital and Equipment Fund 550 shows a capture of \$38,000 in property taxes to set aside in this fund for future capital needs such as vehicles or major equipment purchases. \$15,000 was added to the Sewer fund for jetting sewer lines per an earlier council action.
- Street Projects (including construction, engineering, and sealcoating) generally will come out of half-cent sales tax dollars.

- The preliminary budget as presented currently shows a total levy of \$1,295,000 (\$310,000 for debt service + \$985,000 general levy) which would yield a tax rate of approximately 63.3 (this rate is subject to change until Stearns County completes their final assessment). This tax rate would capture both market value increases and new construction values. Council may lower the levy at the time of final certification in December, but may not raise it once the preliminary levy is set.

STORMWATER ISSUES ON MIDDLE SPUNK LAKE

Jeremy Mathiasen of Stantec, City Engineer, presented an update on stormwater management meetings he had with property owners on Middle Spunk Lake. There is a push to move water through a filtration process prior to discharge. Councilman Meyer presented a drainage easement document. Mathiasen suggested that the stormwater pipe on 403 Chinook Ave SW needs to be jetted and vacuumed. Chuck Pelkey stated that he and Ethan Smith, both of public works, had done a slight modification to help with drainage behind city hall and it appeared to be very effective and another possible option. Council and Mathiasen continued discussions about the flow of stormwater throughout the city and into the lakes. Mathiasen asked for direction on whether to televise, jet, vacuum the pipe on 403 Chinook Ave SW. Kurtz will obtain quotes.

WASTEWATER TREATMENT PLANT UV SYSTEM

Quotes were received for the replacement of the UV system (\$62,370 Trojan UV) installation (\$8,400 Rice Lake) and electrical (\$1,625 Freeport Electric).

Motion Aaron Goebel to approve the quotes \$62,370 for Trojan UV as well as \$8,400 Rice Lake and \$1,625 Freeport Electric for a total of \$72,395 and to approve the use of ARPA funds to offset the cost of the new system with the remainder coming out of the general fund, second Katie Reiling and carried unanimously.

Kurtz stated that the clarifiers were switched last week after the one having been sitting idle for quite some time. They are operational, but could use some aesthetic maintenance.

Pelkey stated that work is continuing out at Avon Estates Park, but may not be fully completed with the sprinkler system until spring.

RESOLUTION 2022-25 ADOPTING ORDINANCE 230 PROVIDING A MORATORIUM ON THE SALE OF HEMP DERIVED THC (TETRAHYDROCANNABINOLS) FOOD AND BEVERAGES IN THE CITY OF AVON

Council consensus that planning commission and city council will need to take some time to understand the law and how to best zone for and permit the sale, manufacture, and distribution of THC products in the City of Avon.

Motion Aaron Goebel to adopt Resolution 2022-25 / Ordinance 230 as presented, second Doug Schaefer and carried unanimously.

POLICE DEPARTMENT - PART TIME POLICE OFFICER PAY

Chief Nellis explained that the current market is resulting in part-time police officers being difficult to attract. Nellis further stated that an increase to the part-time pay is warranted since part-timer Richard Etshokin will be retiring from the department soon and the position will need to be filled to allow for appropriate coverage.

Motion Doug Schaefer to raise part-time police officer pay from \$21.00 to \$24.00 second Aaron Goebel and carried unanimously.

ISSUES BY COUNCIL

Adjourn

Adjourned at 9:30 pm by Motion of Aaron Goebel, second Doug Schaefer.

Respectfully Submitted,
Jodi Austing-Traut
City Clerk/Administrator