



MINUTES
CITY COUNCIL WORK SESSION
December 17, 2024

CALL TO ORDER

The meeting was called to order at 5:00 pm.

Present: Mayor: Charlie Miner; Council: Jahn Dyvik (arrived at approximately 5:25 pm), Mike Feldmann, Gina Joyce, and Deirdre Kvale

Staff Present: City Administrator: Scott Weske; Finance Director: Amanda Nowezki; and City Clerk: Jeanette Moeller

Absent: None

APPROVE AGENDA

A motion was made by Feldmann, seconded by Joyce, to approve the agenda, as presented. Ayes: all.

OPEN CORRESPONDENCE

No one was in attendance to address the City Council during Open Correspondence.

BUSINESS ITEMS

Continue Discussion of 2025 Budget and Final Levy

City Administrator Weske provided a summary of the proposed 2025 budget and final levy. He reviewed capital improvement items for 2025 including City Hall upgrades, replacement of lawn mowers, and a well rehabilitation project; as well as other budget considerations including COLA increases for employees, and potential future fire services expenses such as legal fees.

Council member Joyce noted that the judge had awarded the City with legal fees, and though that decision was now being appealed, the City should be able to have access to those funds after the appeal process has concluded.

Weske stated that he felt that they should also budget a little bit for possible legal fees for the coming year.

Mayor Miner asked what the current balance was for legal fees paid.

Finance Director Nowezki indicated that legal fees paid through October 2024 totaled \$238,381, and stressed that amount did not include November or December invoicing. She believed that the total amount for legal fees paid in 2023 had been around \$150,000.

Council member Kvale asked if the \$240,000 for the fire rescue/utility truck would be coming completely out of Long Lake's budget.

Weske replied that the \$240,000 had been approved by Long Lake, but noted that the CIP was not approved by Orono. He commented on the City's funding source for the expenditure and the shortfall to be absorbed if Long Lake pays 100% for the vehicle versus it falling under the CIP in the future.

Nowezki added that regarding the engine that was just purchased, the purchase price was allocated to Fund 462, but the tools to equip the truck were taken out of Fire Department Operations because staff did not find those items qualified as capital assets.

Weske briefly reviewed a breakdown of General Fund expenditures by department.

Mayor Miner noted that City Council salary increases had been budgeted for, but he referenced a particular statute and mentioned that he did not think pay increases would be able to take effect until after the next General Election at this point. He asked staff to look into the issue further because he wanted to make sure that it was handled appropriately.

City Clerk Moeller explained that she was not familiar with that process, but that staff would look into it further.

Weske explained that his understanding was that the current Council was approving the raises for the next City Council, and the current members just happened to be on the next Council.

Council member Kvale asked if they could just wait to give the raises until the new Council was seated.

Mayor Miner reiterated that from the way he read the statute, it would not take effect until after the next General Election.

Moeller suggested that they just check with City Attorney Thames and ask for the short answer to that question.

Mayor Miner recessed the meeting at 5:18 pm, in order for the Council to grab a piece of pizza and reconvened at 5:30 pm.

Weske presented an overview of the utility funds that included the new rates and projected expenses related to the Metropolitan Council. He noted that if they take out depreciation and the CIP as if they don't exist, the cash position is showing that there should be a little bit of room for revenues versus expenses, but cautioned that the projections were based on estimates.

Council member Feldmann recalled that staff had undertaken one well rehabilitation last year and asked if the plan was to also just do Well #1 this coming year.

Nowezki responded that she had spoken with Public Works Director Diercks about the matter so she could be prepared, cash-wise. Diercks had communicated to her that he didn't feel comfortable putting the City in a position to be dependent on a new well and would like to wait a little bit in order to ensure Well #2 is up and running, as expected, before they completely shut down Well #1. Diercks also mentioned a desire to talk to Orono to be certain that they would be available to help out if there were any issues. She indicated that when the City begins work on Well #1, Diercks would like to plan the project so that it would occur during a lower consumption period in either spring or fall. Nowezki also commented on factors impacting cash available in the City's enterprise funds.

Mayor Miner inquired about fire revenues and asked if that was from Orono, Medina, and Minnetonka Beach.

Weske confirmed that was correct.

Nowezki added that it probably also included Long Lake.

Mayor Miner asked about the \$36,307 listed underneath that and if it was a surplus.

Weske replied that it was representative of the contract money coming from Minnetonka Beach and noted that every year there is a surplus that goes into the 205 Fund. He explained that if there is ever a question about what happens with the money, they can show that it just stays in the Fire Department fund and is not rolled into the General Fund or operations.

Council member Dyvik asked how much was in the Fire Department account.

Nowezki stated that she had not printed out the cash position prior to the work session, but added that she could find out that information for the Council.

Council member Dyvik asked if those dollars be allocated back into fixing or buying equipment.

Nowezki observed that they were only talking specifically about the portion of the contract with Minnetonka Beach. She indicated that if the overall operating budget comes in below the anticipated amount, they do issue a refund annually to the member cities. She explained that the amount in the Fire Department Fund from those funds was not huge, but noted that it was nice to have a bit of a buffer and reserves.

Council member Dyvik stated that this question had come up before and he expected it to continue to be raised as the cities move into possible negotiations. In the past, the contract with Minnetonka Beach had been viewed as kind of a shady or untracked agreement using Long Lake Fire Department assets that Medina and Orono are paying into, but that they are not getting any benefit from, with the allegation being that the only party benefitting was the City of Long Lake. He believed that the contract proceeds should go into a dedicated fund like staff was describing, but that the funds should then be used for improving equipment that was being used to service Minnetonka Beach.

Council member Feldmann mentioned that he felt the funding source would be perfect for something like extrication tools.

Moeller clarified that the equipment that would be serving Minnetonka Beach would technically be Station 2 equipment.

Council member Dyvik confirmed that it would. He commented that perhaps they can determine a way where funding isn't allocated towards all of the Long Lake Fire Department, but is perhaps for Station 2 equipment. He reiterated that he felt that there should be something that shows how the money was being used.

Nowezki indicated that she could provide more exact numbers for the Council and clarified that right now the amount was sitting within the 205 Fund. She recalled that in 2023, Fire Department operations ran under budget, which had resulted in refunds being given to the contract cities. She noted that she

has been working with Fire Chief Heiland and right now it looks like they will be under budget again in 2024 unless there are some surprises this month.

Weske mentioned that he was using a portion of the income to allocate about half of their expenses and noted that Minnetonka Beach was paying more than Medina.

Council member Kvale asked about the pay plan documentation and if that was for the salary increases.

Weske confirmed that was for the COLA that he had incorporated into the budget.

Moeller commented that she had emailed City Attorney Thames about the question raised earlier by Mayor Miner related to the Council raises and there may be an issue, so she would be following up on the matter.

Mayor Miner reiterated that from his understanding, budgeted Council raised may not be able to legally take effect until after the next election.

Council member Kvale reflected that she felt that staff and Council have done a good job and observed that while the City hates to tax more than it taxed last year, she would agree that a bit of a buffer is needed for some things.

Council member Feldmann asked if staff had stated that the legal fees for 2024 were around \$238,000.

Weske clarified that the amount referenced was what had been paid so far, through October.

Mayor Miner added that so far this year \$238,000 had been spent, and last year was \$158,000.

Council member Dyvik questioned how much the City had budgeted for legal fees in 2024, specifically for Fire Department issues.

Nowezki replied that they had not budgeted for any legal fees for the Fire Department in 2024.

Council member Dyvik pointed out that despite spending \$238,000 in legal fees, the City had actually stayed within their budget.

Nowezki confirmed that was true, and added that the legal fees and the windows for Public Works had come out of the General Fund, and she was pushing for those expenditures to remain allocated within that fund. She noted that the City had quite a healthy year for interest earned, which is divvied up amongst the funds based on how much is in each fund. In addition to this interest, some of the other funds came in under budget, and additional revenues from permit activity had also helped the overall budget.

Council member Dyvik asked questions about how staff made determinations on budgeting for the upcoming year based on the budgeted and actuals from previous years.

Nowezki explained that City Administrator Weske was responsible for the General Fund and the tax levy. She clarified that for the funds she watches, she presents the information to the Council based on what has occurred. She indicated that she and Public Works Director Diercks usually spend a week going line

by line through the Enterprise Funds in order to prepare both the expense and revenue recommendations to the Council.

Weske reported that he looks at the trends and the line items to see what they have been doing. He stated that he does not try to chase the smaller amounts of money.

Council member Dyvik noted that he was still not clear where the City managed to find the \$238,000 for the Fire Department legal fees within their current budget.

Nowezki reiterated that there were a number of funds that came in very under budget and shared specific examples from various funds.

Mayor Miner stated that the budget and levy would also be discussed at their regular City Council meeting.

OTHER BUSINESS

Holbrook Park Skating Rink - Mayor Miner thanked Public Works staff for getting the skating rink flooded and indicated that he was aware of some continued communications about posting for the rink attendant position.

Farewell From Council Member Joyce - Council member Joyce shared that it had been an honor for her to work alongside this Council and staff for the last four years. She added that leaving had not been not an easy decision and she would miss everyone.

Orono Westonka Soccer Grant - Nowezki informed Council that she had received an email letting her know that the Orono Westonka Soccer Club was approved for their grant application. She mentioned that word of mouth has been spreading and there are already other businesses that have expressed interest in moving in near the soccer club, and the adjacent strip mall is nearing full occupancy.

Permit Activity - Moeller commented that to her surprise, the City had issued over 100 building permits in 2024 thus far and there are still applications out in review.

ADJOURN

Hearing no objection, Mayor Miner adjourned the meeting by general consent at 6:26 pm.

Respectfully submitted,

Scott Weske
City Administrator