

CITY OF ST. FRANCIS  
CITY COUNCIL WORK SESSION AGENDA  
St. Francis Area Schools District Office 4115 Ambassador Blvd. NW  
June 24, 2024  
5:30 p.m.

**1. CALL TO ORDER**

The City Council Work Session meeting was called to order at 5:30 p.m. by Mayor Joe Muehlbauer.

**2. ROLL CALL**

Members Present: Mayor Joe Muehlbauer and Councilmembers Kevin Robinson, Crystal Kreklow, and Sarah Udvig.

Also present: City Administrator Kate Thunstrom, Deputy City Administrator/City Clerk Jenni Wida and Finance Director Darcy Mulvihill.

**3. AGENDA ITEMS**

A. City Hall Hours Discussion

City Administrator Thunstrom reviewed the Staff report in regard to the City Hall hours.

Robinson shared that he is glad that they can be open for a few hours on Fridays for residents. He suggested adjusting work weeks so that some employees work Monday through Thursday and others work Tuesday through Friday. He added that he looked at City Hall hours for surrounding cities and found that three of the surrounding cities are open for at least partial days on Fridays. He noted that two people should be in City Hall at all times for safety reasons.

Kreklow asked how many people come into City Hall or call City Hall during the hours they are looking to reduce. Thunstrom said it is typically one or two people a day during the 4:30 to 5:30 hour, if not less.

Udvig said she is in agreement with this change as she wants to have at least two people at City Hall at any given time for safety reasons.

Robinson added that he has spoken with Police Chief Schwieger who assured him that there are safety measures installed in both the new and current building.

Mayor Muehlbauer said he does not see an issue with the adjusted hours. He noted if residents start to complain about these new hours, then they can reevaluate.

The Council was in agreement with the adjusted City Hall hours as presented.

## B. Facility Technician Considerations

Thunstrom reviewed the Staff report concerning the possibility of creating a Facility Technician position.

Udvig shared that she does see the benefit of having a dedicated employee for this work as she believes this employee would take more pride in the work, they are doing over someone who is just contracted to do the work. She stated she would be in support of creating this position with the presented starting wage for the role.

Kreklow said she agrees. She noted that if they could potentially provide employment to someone in the community with benefits, she sees this as a better route than using a contractor. She asked if this would be an unrepresented unit. Thunstrom said this is not completely clear. She noted that the bargaining unit for Public Works would likely not cover this position. She stated she would want to speak with the City Attorney to confirm this.

Robinson said he is not in support of creating this position. He noted that he would like to keep this facility well taken care of. He shared that he spoke with Fire Chief Schmidt about the Fire Department floor and how they plan to take care of this facility. He stated that Schmidt shared with him that the firefighters take care of the facility on their own with the exception of the cleaning service. He suggested tabling this item until the next meeting where they can include Public Works Director Carpenter in the discussion. He shared that he would like them to get into the new building and see how everything works before they create a new position. He suggested also going out for new bids for the cleaning service to see what other options are out there.

Mayor Muehlbauer stated that he agrees with a little bit of everything that the Council has shared. He agreed with Robinson that he would like to see more of a comparison with the contracted services. He asked how much they are currently paying the contract company for air conditioning service. Robinson said he believes they pay \$1,600 a year for their service agreement.

Mayor Muehlbauer said he would like to look for more bids for these services at the next renewal. He asked who this position would be under the supervision of. Thunstrom explained that since she had not gotten Council direction, she left this open ended. She added that the job description and information in the Staff packet is a very rough draft and would be updated based on Council direction and Staff discussion.

Mayor Muehlbauer said he would like to wait to make a decision on this item until they can gather some more information on what is going on. He added that he wonders how they will be able to find someone who will be able to do all the tasks outside in the job description for the suggested wages.

Thunstrom explained that the job description is a lower level facility tech where this individual will be doing cleaning and general maintenance rather than more specialized air conditioning and electrical maintenance. She said the City has lots of facilities, but not every facility needs to be cleaned every day.

Mayor Muehlbauer shared that he would like there to be a hiring freeze until they can bring in more development to support this.

Kreklow added that when they decided to build the new City Hall Fire Station building, they knew that there would have to be an increased cost to cleaning and maintaining the building. She said that it is not realistic to expect current Staff to pick up some of this extra work. Mayor Muehlbauer agreed.

The consensus of the Council was to table this discussion until they can be presented with more information and talk with Carpenter about this.

### C. Budget and Levy Discussion

Thunstrom reviewed the Staff report in regard to the 2025 budget and levy.

Finance Director Mulvihill continued the Staff report by reviewing her budget and levy worksheets and answering any preliminary questions the Council may have. She reviewed what they have done for the budget and levy in previous years.

Robinson noted that they still hold a larger than recommended amount in reserves that they have not used. He said that with the way the economy is, families are getting by anyway that they can. He stated he would hate to hit families and business owners with this increase. He added that he still has Highway 47 on his mind that they will need to have something in place for. He noted that he would like to look into using some of the reserves to make the increase less painful for residents. He stated that Staff has always been very creative to lessen the increases to the taxpayers.

Mulvihill stated that they can use the money in reserves; however, when they use it, it would just be a one-time influx and they would be back looking at an increase in the following year and they would have to increase it further to offset what they took from reserves. She added that they took money out of the reserve in the past to start up the street fund.

Robinson said if taking from the reserve would help the residents then we would like it to be looked into.

Udvig agreed with Robinson. She said she could agree with looking into using the reserves; however, she is not sure if she would support actually using the funds. She noted that the budget was a very long and painful discussion last year and she sees the same thing happening this year as no one is happy to see this kind of increase.

Mayor Muehlbauer asked about the benefits of having over 50% in reserves. Mulvihill explained that this would be for any emergencies or unknowns that could come out of nowhere. She added that they were able to use these funds to start the street fund and remove the assessments from property owners, which was a wonderful thing that they were able to do.

Mayor Muehlbauer added that he would also be open to looking at using the reserves and he would like more information on what this could look like. He noted that if they were to use reserves which would cut down the increase in the levy, then they would have to offset it and make up for this in future years.

Robinson asked why the levy increase was able to decrease in 2020 over previous years. Mulvihill noted that the operating budget only went up around \$100,000 in 2020. She said she did not remember anything in particular that affected this when they set the budget for 2020 in 2019.

Robinson asked how much they earned in interest on these reserve funds in the past year. Mulvihill said she could get an average of the interest, but it would be very hard to calculate an exact number.

Kreklow shared that she agrees with Robinson that they need to look into using the reserves. She noted that families are struggling with the increased cost of living as it is. She said she would rather see them set a lower levy that offers immediate relief to families in the community, and they can hope that the economy will turn around in the meantime. She added that there are more businesses coming into the City that may be able to provide some income to the City.

Mulvihill said if they reduce the levy by \$400,000 to \$500,000, they would have to make this up in the following year because they need a certain dollar amount to even operate.

Kreklow reiterated that she does not think an over 10% levy increase is reasonable with what people are dealing with in the economy right now.

Mulvihill explained that if they took out \$500,000 from the levy, it would make the overall increase 1.55%. She noted that if they did this for 2025, in 2026 they would have to add this \$500,000 back into the levy on top of all of the other increases that would go in for inflation.

Mayor Muehlbauer said he does not like the idea of a 10% levy increase; however, he does not like the idea of having to make this up in 2026. He noted that there could be some development that could come into the City to offset the increase but they cannot plan for that until it happens.

Robinson asked about the increase in wages in Mulvihill's worksheets. Mulvihill explained that this has been brought down because of the ARPA funds. She noted that for 2024 they used \$425,000 to lower the levy last year.

Mayor Muehlbauer stated that this 10% increase would be essentially the same thing that they would see in 2026 if they drew down the levy this year. He noted that the 2026 levy would be a 10% to 20% increase. Mulvihill added that it could even be more than this because of inflation.

Thunstrom asked if they used ARPA funds for salaries in both 2023 and 2024. Mulvihill said yes.

Mayor Muehlbauer reiterated that they can look into the effects of using funds from the reserves; however, he does not know if he would support it as it would just pass the increase on to a future year.

Mayor Muehlbauer noted that if they get a lot of development, the tax rates could go down.

Thunstrom explained that whatever is in place by July 1 will be on the next tax roll. She noted that the new Dollar General will be on the 2025 tax roll, but the new AutoZone will not be on the tax roll until 2026. She stated that any new homes that received their certificate of occupancy before July 1 will be included on the 2025 tax roll.

Mulvihill suggested putting money into the street levy to lower this levy over the course of several years. She said if they put \$500,000 into the street levy then they would be able to lower it over the course of several years.

Mayor Muehlbauer stated that it is the City's responsibility to provide the services necessary at the lowest cost possible to the residents. He said it would love to be able to give taxpayers a relief; however, he does not want this to majorly impact future year's increases.

Robinson said they will need to look at what expenses the City can do without.

Mulvihill noted that department requests have been very reasonable this year and she did not see any huge requests. She added that these department heads are not trying to spend more money than the City can handle; however, they do have jobs that they need to get done.

Kreklow said she would like to see a 0% tax increase and what would have to come out of the reserves to make this happen. Mulvihill said they would have to take over \$500,000 out of reserves to make this happen. She shared that the fund balance in reserves as of December 31, 2023, was \$3,400,000.

Mayor Muehlbauer stated they have to think about whether or not the relief they would see by not increasing the tax levy this year would be greater than the burden that they would put back on the taxpayers in 2026. He shared that he is afraid that the burden of 2026 would far outweigh the relief in 2025.

Mulvihill shared that if they took around \$500,000 out of the reserves so they would not have to increase the levy, they would be done to 53% in reserves, which is still higher than the recommendation of 50% of the 2024 budget.

Mayor Muehlbauer asked if there is a penalty for this amount going below 50%. Mulvihill said no; however, it can affect their credit rating.

The consensus of the Council was to direct Staff to come back with more information on how using some of the fund balance in reserves would affect the levy. The Council wanted to see options of what using \$0, \$250,000 and \$500,000 from reserves would do to the levy. They also decided to schedule another work session in August to discuss the budget.

Mulvihill discussed the proposed COLA for 2025 of 3%, which is the typical amount.

Mayor Muehlbauer agreed that they should stick with the 3% increase. He noted that inflation is very high right now; however, they cannot afford much more than a 3% increase. The Council agreed.

Thunstrom added that this is making an assumption on their two bargaining units. She noted that there will be more discussion on this in August.

The consensus of the Council was in support of keeping the COLA at 3% and waiting until they discuss contracts with the bargaining units.

#### D. Compensation Study

Thunstrom reviewed the Staff report concerning a compensation study. She noted that the last time the City completed a compensation study was in 2007.

Udvig said that the 2007 study is very outdated so she would support having a new study done. She said she does not like the idea of spending more money; however, this could help the City in the long run and could help in negotiations with bargaining units.

Mayor Muehlbauer asked about the cost of doing this kind of study. Thunstrom said they do not have estimates at this time.

Robinson noted that bargaining units already have data that they use to help them negotiate so he does not see how this data would help with those negotiations. Thunstrom explained that their main bargaining tool is comparing themselves to

other cities. She said this would determine which cities they could use that are actually comparable rather than just the cities that they feel are comparable.

Robinson asked why they are looking at this now, yet they have not in the past. Thunstrom said they have received requests for compensation studies from the bargaining units and it would be very impactful. She noted that this should have been done a few years ago; however, they are in a position where they need this data to sort out some tough decisions.

Thunstrom shared that they are aware that their compensation is not on target; however, they do not know the degree at which they are off target and that is what the compensation study would be able to tell them. She explained that these studies can be used for a long time, given that the last study has been used since 2007.

Robinson asked if the League of Minnesota Cities offers any data on this. Thunstrom said yes; however, it is kind of a lag as well.

Kreklow said she thinks they need to move forward with this compensation study because when the bargaining units are looking at compensation and looking at comparables, there is a good chance that the job descriptions will not match exactly so the wages will not match exactly and for a reason. She noted that this study will give them a good footing to be able to negotiate and will be able to give them a better understanding of how they compare to the market.

Mayor Muehlbauer said he would like to know how much this will cost before they move forward.

#### E. Other Topics

The consensus of the Council was to direct Staff to get estimates for a compensation study to bring back to the Council for discussion.

Mulvihill shared that they are not looking to increase stormwater rates this year.

Mayor Muehlbauer asked if they are able to include the stormwater rates on the property taxes. Mulvihill explained that they are only able to add special assessments onto the property taxes and this can only be done with delinquent invoices.

Thunstrom asked if the late fee has pushed more people to pay. Mulvihill explained that the late fee has not yet been applied and will be applied on July 1. She added that they have already had a lot of people pay their invoices.

#### 4. ADJOURNMENT

There being no further business, Mayor Muehlbauer adjourned the City Council Work Session at 7:11 p.m.

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Jennifer Wida, City Clerk

Minutes Prepared by: TimeSavers Secretarial

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