



CITY COUNCIL MEETING MINUTES

Richfield, Minnesota

City Council Work Session

July 26, 2022

CALL TO ORDER

The work session was called to order by Mayor Regan Gonzalez at 5:00 p.m. in the Bartholomew Room.

Council Members Present: Maria Regan Gonzalez, Mayor; Mary Supple; Simon Trautmann; Sean Hayford Oleary; and Ben Whalen

Council Members Absent: None

Staff Present: Katie Rodriguez, City Manager; Sack Thongvanh, Assistant City Manager; Kumud Verma, Finance Manager; Jay Henthorne, Public Safety Director/Police Chief; Mike Dobesh, Fire Chief; Kristin Asher, Public Works Director; Julie Urban, Assistant Community Development Director; Amy Markle, Recreation Services Director; Kris Weiby, Facilities Manager; Chad Lunder, Chief Building Official; Joe Powers, City Engineer; Chris Swanson, Management Analyst; and Kari Sinning, City Clerk.

Mayor Regan Gonzalez explained that there are two different topics for discussion for the work session and turned it over to City Manager Rodriguez.

ITEM #1	PREVIEW THE PRELIMINARY 2023 BUDGET AND PROVIDE LONG-TERM FINANCIAL PLANNING UPDATE AS SUMMARIZED IN THE KEY FINANCIAL STRATEGIES (KFS) SPREADSHEET. PREVIEW PROPOSED UTILITY RATES, PROPOSED CITY FEES AND THE PROPOSED 2023 CAPITAL IMPROVEMENT BUDGET (CIB) AND 2024-2027 CAPITAL IMPROVEMENT PLAN (CIP).
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City Manager Rodriguez and Finance Manager Verma gave a presentation that overviewed the 2023 proposed budget, the impact on the average home, staffing, proposed general fund revenues/expenditures, the capital reserve funds, the long-term financial forecast, and proposed city fees.

Council Member Supple clarified that the tax base is growing in the city and that's why the rate is dropping. City Manager Rodriguez said that is correct.

Council Member Whalen commented that a growing tax base is great for budgets but the increase in market value and tax base creates difficulties for affordable housing in Richfield which should be a broader conversation in the future.

Council Member Trautmann asked for clarification on the budget increasing and tax rate decreasing. City Manager Rodriguez stated that the budget is increasing by 3.84 percent and the main driver for the changes is a decrease in revenues and an additional debt service.

Council Member Whalen asked Fire Chief Dobesh about the increase of staff. Fire Chief Dobesh explained that the cost of overtime was tracked and they saw a decrease in overtime costs once more staff was hired.

Council Member Trautmann asked about the difference in revenues from fines and forfeitures. Director Henthorne stated it is based upon ticket revenue that is split between the county and state and the current rate is about the same as previous and the proposed is about the same as well.

Council Member Supple asked if we are consolidating the debt. City Manager Rodriguez stated the auditors have recommended that we develop a plan to annually transfer funds to gradually pay back the debts and we should not have to transfer annually after 2026. Council Member Trautmann asked about the rationale behind transferring of funds overtime versus a onetime payment. City Manager Rodriguez explained that the former finance director was more comfortable with payments overtime but Finance Manager Verma will delve into the reasons why.

Council Member Whalen clarified that by 2028 we should be more financially secure. City Manager Rodriguez affirmed his clarification.

Public Works Director Asher presented an overview of the proposed utility funds and rates, franchise fees, and streetlight user fees.

Council Member Whalen asked if with the current funding and pace that we are on track to continue to line our sewers or if there is a need for a better funding source. Director Asher stated that we are on track and it has been improving and the trouble spots are being addressed first.

Council Member Supple asked if we are on schedule to cover funding for stormwater repair. Director Asher stated that all would be rehabbed by 2025 addressing the most critical first.

Council Member Trautmann asked if there are any concerns of a water shortage. Director Asher stated that there is not but the quality can change over time.

Council Member Hayford Oleary asked what the limits are for the franchise fees. Director Asher stated that it would be 5% of the collected.

In regards to franchise fees, Council Member Supple asked if the fees are affected by more people streaming instead of watching cable. Director Asher stated that the franchise fees are from electric. City Manager Rodriguez stated that there are concerns with the cable franchise fees that fund our communication special service fund which have been declining.

Council Member Whalen asked if there are is a way to tax the revenues directly from the company versus residents paying. Director Asher stated that there is not a way to do so.

Council Member Hayford Oleary asked if there would be options given for upgrades to streetlights. Director Asher stated that they could charge different properties different rates if they wanted a certain streetlight installed.

Council Member Whalen asked why the street lights for the bridges over I-494 are not paid out of a streetlight fund. Director Asher stated that we pay for electricity and maintenance of the lights and if there is a streetlight fund balance that it would be used for LED changeouts.

City Manager Rodriguez gave a brief overview of the 2023 capital improvement budget and the 2024-2027 capital improvement plan.

City Engineer Powers gave an overview of the current and future capital improvement projects.

Council Member Supple mentioned that legislatively there has been movement that might affect Municipal State Aid (MSA) use on road projects that are more than three lanes and asked how that would affect our funding. Director Asher stated that we would lose the funding for the 77th street project if that were to pass. City Engineer Powers stated that the City and the League of Minnesota Cities have voiced their opposition to that legislative change. Council Member Hayford Oleary thought the legislative change pertained to future developments only but Director Asher stated that upon further clarification that it would affect any currently MSA funded street project.

Council Member Hayford Oleary asked if there is intent to proceed if the regional solicitation application does not get approved. City Engineer Powers stated that if we were not awarded, we would have to pursue other funding options which may push the project out a couple years. Council Member Hayford Oleary also asked about the reconstruction of 70th street. City Engineer Powers stated that it would only be from 2nd Avenue to 5th Avenue. Council Member Hayford Oleary also expressed excitement for the Nicollet Avenue project.

Council Member Supple asked about Nicollet Ave ADA improvements. City Engineer Powers stated that the County bid out for the improvements but they came back much higher than anticipated so they will rebid for those projects.

Council Member Trautmann expressed excitement for the Penn Ave Reconstruction project and asked how the city could support the application process with the County. City Engineer Powers stated that the regional solicitation application has already been submitted at this time but they are awarded every two years so if they weren't awarded this year they would submit the application again. He also stated that the City could help demonstrate public engagement to help support the application.

Council Member Whalen asked about the cost for the 494 Reconstruction. City Engineer Powers stated that we do not have a full number of costs for the project and we are in active discussion regarding the final long-term costs for the City.

Recreation Services Director Markle presented an overview of capital projects for Recreation Services.

Council Member Supple asked about the City owned property known as No Name Park. Director Markle stated that hopefully within the coming year that we could name the green space and make it an official Richfield park.

Council Member Hayford Oleary asked how the city would know that we have the right amount of facilities for our residents. Director Markle stated plan on the horizon for a needs assessment from the community.

Mayor Regan Gonzalez asked how the conversations are going with gathering funding for Wood Lake Nature Center and how the Council can support the partnerships. Director Markle stated that they are at the early stages of reaching out to potential partnerships and if Council has any suggestions or ideas of partnerships that would be welcomed.

Council Member Whalen thanked staff for the long-term financial planning in line with our strategic plan which makes him feel more confident in our future.

ITEM #2	PRESENTATION AND DISCUSSION OF STAFF'S SPENDING RECOMMENDATION FOR THE CITY'S REMAINING ALLOCATION OF THE CORONAVIRUS LOCAL FISCAL RECOVERY FUNDS AS ESTABLISHED UNDER THE AMERICAN RESCUE PLAN ACT (ARPA)
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Management Analyst Swanson gave a presentation that overviewed ARPA, the eligible use of ARPA funds, and already approved projects that have been funded. City Manager Rodriguez shared the project selection process of the remaining funds.

Project 1: Chief Building Official Lunder shared the need to upgrade the software for our permitting, licensing, and building plan review to improve efficiency and service. Fire Chief Dobesh shared how this will make the process easier for the departments involved to approve plans. Director Asher stated that developers would also benefit from this upgrade. Police Chief Henthorne shared how this would help with our licensing application process.

Council Member Supple asked if the software upgrade would affect homeowners if they want to add an addition to their house or smaller projects. Chief Building Official Lunder stated that it would and they would still be able to accept paper plans at the counter if needed. Council Member Supple said that she has heard requests for electronic processing and was grateful to hear this project. Fire Chief Dobesh added that architects would prefer to have electronic plans since there are so many changes that can happen quickly to building plans.

Council Member Trautmann expressed the importance of connection to staff during the process and appreciated that the counter would still be open for in person questions and plan submittal.

Mayor Regan Gonzalez asked about a technology and software audit. City Manager Rodriguez stated that it is planned and in the budget.

City Manager Rodriguez commented that projects one and two allow us to work smarter and more efficiently while offering better customer service and operational excellence.

Project 2: Assistant City Manager Thongvanh presented the need for implementation of Microsoft 365 as the City still runs on Office 2010 that has been discontinued. The fee does include install and implementation with LOGIS.

Mayor Regan Gonzalez asked if there would be training on the programs. Assistant City Manager Thongvanh stated that Microsoft has some training available and there will be a super user group that will include individuals from all departments.

Council Member Hayford Oleary asked if there would be migration of older Outlook emails and files. Assistant City Manager Thongvanh stated that some employees have reached the storage cap for emails so that would have to be addressed before migration.

Project 3: Police Chief Henthorne presented the need for an additional full time social worker in all departments not just public safety to help connect residents with social services and resources.

Project 4: Recreation Services Director Markle presented a proposed splash pad adjacent to the pool that would be an inclusive community asset.

Council Member Whalen asked exactly where proposed splash pad would be adjacent to the pool. Director Markle explained that the fencing around the pool would need to be

changed on the south side and that there would be two entrances that would allow residents to visit the splash pad.

Council Member Hayford Oleary asked for clarification on how someone would be able to use the changing rooms for the splash pad. Facilities Manager Weiby explained that the changing rooms would be available from the outside.

Council Member Whalen expressed excitement for the splash pad but is hesitant to spend \$750,000 of ARPA funds for the project. Director Markle stated the use of the money is a policy decision; in order for our city to stay relevant, promote advancement for equity and inclusion, and respond to the numerous community requests, the ARPA money for would allow for this project to be achieved without the struggle to find the funding. City Manager Rodriguez stated that the other bigger projects like the Wood Lake Nature Center can be funded through partnerships and fundraising which would not be able to happen with a splash pad.

Council Member Hayford Oleary asked about the timeline of the pool liner and if this money could go towards the pool liner. City Manager Rodriguez stated that it could go towards that project but in September staff will bring a discussion regarding a local option sales tax that would be able to fund the pool liner.

Council Member Trautmann shared appreciation for the splash pad but raised a concern for having open public changing rooms.

Council Member Whalen asked if there is potential for a referendum. Director Markle stated that it is an option so that every resident would be positively impacted.

Mayor Regan Gonzalez expressed comfortability for this use of funds for equity, access, and diversification of options for families.

Project 5: Assistant Community Development Urban presented the need for social services to provide support to those struggling with housing instability, domestic violence, mental health challenges, and food insecurity.

Council Member Whalen asked about funding from the HRA for the long-term. Assistant Community Development Urban stated that the funding from the HRA can be utilized to fill gaps on capital improvement but the \$300,000 stated here might not make huge impacts on housing affordability. Mayor Regan Gonzalez explained that the money that the HRA has designated for affordable housing is for long-term stable affordable housing.

Council Member Trautmann asked if domestic violence calls have gone down since the beginning of the pandemic and if this would be adequate for the need. Chief Henthorne explained that numbers have dropped a little bit and that this money would go towards housing for domestic violence victims and providing other resources like transportation through the organization itself. Council Member Supple explained that the money would be given to the organizations.

Project 6: Assistant City Manager Thongvanh presented the need for a wage and classification study to recruit and retain a quality workforce to best serve our community.

Council Member Trautmann questioned the need instead of increasing wages. City Manager Rodriguez explained that this would not only look at the wages but if the positions are classified properly and also gives more insight on how to make Richfield an employer of choice.

Project 7: Director Asher presented a proposal to assist residents with Emerald Ash Borer infected tree removal. She stated that if there is another project that Council would like to pursue the minimum that would be needed would be \$300,000.

Council Member Hayford Oleary commented that the grants could be matching grants and a requirement for residents to replace trees as well.

Council Member Whalen thought this project is great and it's going to cost residents money to remove the diseased trees; however, he was disappointed that none of the proposed projects directly related to addressing climate change and reducing the use of fossil fuels.

Council Member Trautmann asked if tree assessments would still be an option. Director Asher stated that it would be if people could not pay upfront for the cost of removal of the tree.

Project 8: Management Analyst Swanson presented a proposal that would promote equity work in the city and community that would fund for an equity plan, training, strategic initiatives, and a public facing dashboard that would track progress. This would also cover the cost of translation/interpretation services.

Mayor Regan Gonzalez commented that translation and interpretation services can be expensive and asked staff to be strategic about the documents that are translated.

Project 9: Chief Henthorne presented the need for additional part-time CSO that would support the police department.

Council Member Trautmann thanked Chief Henthorne and supported the staff investments.

Mayor Regan Gonzalez added that this can be used as an opportunity to build connections in our community with the police department.

Project 10: Chief Henthorne presented a proposal for the continuation to support covid response and preparation for other natural disasters.

Project 11: Director Markle presented a proposal to support the community mural at Galaxy Foods.

City Manager Rodriguez stated that the community mural and the splash pad are tangible projects that would the community would benefit from due to this funding.

Council Member Whalen asked about the timeline to use the ARPA funding and expressed interest in having more time to discuss the projects. City Manager Rodriguez expressed hopes to bring it to a Council meeting for a vote very soon and that staff could possibly carve out some time for Council to discuss more during a work session. Council Member Whalen asked if the discussion could be continued at the council meeting following this work session. Council Member Hayford Oleary expressed interest in having further discussion particularly regarding a project that would be focused on reducing our carbon footprint. Council Member Supple offered a suggestion of having the discussion during the City Manager's Report portion of the Council meeting and asked if there would be further discussion regarding funding for the Wood Lake Nature Center of which City Manager Rodriguez nodded in the affirmative. Council Member Trautmann was also in agreement to continue the discussion at the Council meeting. Mayor Regan Gonzalez expressed agreement with the proposals from staff and was open to further discussion.

Council Member Trautmann recognized that we have a functional budget cut and applauded the work of staff.

Mayor Regan Gonzalez thanked staff for their preparation of this hefty work session.

ADJOURNMENT

The work session was adjourned by unanimous consent at 6:58 p.m.

Date Approved: September 13, 2022



Maria Regan Gonzalez
Mayor



Kari Sinning
City Clerk



Katie Rodriguez
City Manager