



CITY COUNCIL MEETING MINUTES

Richfield, Minnesota

City Council Work Session

July 27, 2021

CALL TO ORDER

The meeting was called to order by Mayor Regan Gonzalez at 5:01 p.m. in the Bartholomew Room.

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

Staff Present: Katie Rodriguez, City Manager; Chris Regis, Finance Director; Jay Henthorne, Police Chief; Jennifer Anderson, Health Administrator; Mike Petersen, Assistant Utilities Superintendent; Joe Powers, City Engineer; Neil Ruhland, Communications and Engagement Manager; Blanca Martinez Gavina, Equity Administrator; and Kelly Wynn, Administrative Assistant

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| Item #1 | PROVIDE UPDATED KEY FINANCIAL STRATEGIES (KFS) INFORMATION; REVIEW PRELIMINARY PROPOSED 2022 BUDGET, PROPOSED 2022 CAPITAL IMPROVEMENT BUDGET (CIB) AND 2023-2026 CAPITAL IMPROVEMENT PLAN (CIP), REVIEW OF 5 YEAR STREET RECONSTRUCTION PLAN, PROPOSED UTILITY RATES, AND A REVIEW OF CITY FEES. |
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Director Regis reviewed the Capital Financing Plan differences between 2021 and 2022 along with how it will affect resident tax payers.

Council Member Supple asked if the potential impacts are because property values have gone up.

Director Regis explained it is a culmination of things such as the tax levy, market values and debt levy increase. He spoke of an estimated 6.9% increase in 2023.

Council Member Supple asked if any of the government funds are included in calculations.

Director Regis explained the guidance of how to use the government funds are not quite clear so they are not included.

Council Member Whalen asked for clarification on the decrease of LGA funds.

Director Regis spoke of the limited ways to make up the lost revenues.

Council Member Whalen asked what the forecast would be to buy down debt while still maintaining reserves.

Director Regis stated it is a possibility but wouldn't recommend.

City Manager Rodriguez spoke of the impact from LGA when major TIF's roll off and staff is doing research of impacts but will not have a solid answer until 2024.

Mayor Regan Gonzalez asked if the 3% budget increase is due to operating or staff costs and if the increase is necessary.

Director Regis stated pay plans are budgeted for 3% increase in 2022 but that does not include step increases. The 2022 budget is currently projected to be a 4.4% increase based on the information each department has submitted.

Council Member Trautmann asked about cash reserves and if it would be possible to invest some money so it can gain interest to take some of the burden off the taxpayers.

City Manager Rodriguez stated concern drawing too much from reserves.

Director Regis stated the tax capacity rate will drop in TIF's roll off but it does not become revenue. An option to increase revenues would be to levy more taxes.

Council Member Supple asked if increasing tax capacity rather than relying on LGA would be a better long term solution.

City Manager Rodriguez stated it would create a more stable base as the funds from LGA are unknown.

Director Regis reviewed the timetable and key events of 2022 budget; budget update; 2022 proposed gross levy; gross tax levy history; 2022 proposed General Fund budget; General Fund revenues; General Fund expenditures by department; Capital Process; and Significant projects.

Council Member Supple asked how much the city will be responsible for when it comes to the Nicollet/Penn reconstruction project.

Engineer Powers stated they are county roads and the cost will be worked through cost share but it is unknown at this point.

City Manager Rodriguez stated revenues are down due to covid mitigations and limited services and it is uncertain when they will recover.

Council Member Trautmann asked if Penn Ave reconstruction is a goal for 2029.

Engineer Powers explained it will depend on the county when that will be completed but no date has been decided.

Assistant Superintendent Petersen reviewed the utility fund-water; water fund outlook; 2021 water rates comparison with metro cities; utility fund-wastewater; and wastewater fund outlook.

Council Member Whalen asked about the lining projects and where the city is at with replacing them.

Assistant Superintendent Petersen state the project is going as fast as the funding will allow. They are hoping to offset some maintenance costs with replacement as they will not need to clean out as often. He then continued with reviewing the 2021 wastewater rates comparison with metro cities; utility fund-stormwater; 2021 stormwater rates comparison; and street light user fees.

Engineer Powers then reviewed the 5 year street reconstruction and transportation improvements plan; 5 year plan-capital projects; funding outlook; street reconstruction bond process; 65th street reconstruction; and proposed bond resolution.

Council Member Whalen asked about the estimated for the 65th Street reconstruction project and how accurate it is due to rising construction costs.

Engineer Powers stated it is extremely difficult to determine construction costs as they are currently very volatile right now but a contingency is built into the project. He also spoke of the reconstruction of the HUB location but significant infrastructure is needed at the site.

Council Member Hayford Oleary asked if the area is all pavement then why would redevelopment worsen the area.

Engineer Powers spoke of the significant flooding that occurs and would need to be remedied with development.

Council Member Hayford Oleary then asked about local roads eventually needing replacement and how those costs are factored in.

Engineer Powers stated in about 20 years there will be a need for a massive road replacement or mill and overlay project. He spoke of budgeting to pay for those future projects with franchise funding.

Council Member Hayford Oleary referenced special assessments in the future to have precedence where residents could benefit the most. He also commented on some residents paying more than their fair share for certain projects.

Council Member Trautmann asked about the redevelopment of the HUB parking lots and additional obstacles.

Engineer Powers explained a main trunk line which is a water line with a 16 inch diameter that moves through the HUB site.

Council Member Trautmann referenced the special assessments.

Director Regis stated that street reconstruction bonds pictures everyone using the roads, so everyone should assist with payment. He explained franchise fees are controlled by the city and can assist in capturing some properties who may not be contributing with tax money.

City Manager Rodriguez pointed out the list of proposed fees for 2022 are in the packet provided.

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| Item #2 | REVIEW AND DISCUSS INTOXICATING LIQUOR LICENSE FEES FOR 2022. |
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Health Administrator Anderson reviewed intoxicating liquor fees.

Council Member Trautmann asked if loss of fees would be eligible for reimbursement from CARES or ARP funding.

City Manager Rodriguez explained the reimbursement covers loss that is entity-wide and the city is still waiting on complete guidance of how to use the funding.

Health Administrator Anderson stated over the past 19 years, fees have increase only about \$3,800.

Council Member Whalen asked about the difference between a 3.2 wine/beer and intoxicating liquor license and if it would be possible to increase the 3.2 fee.

Health Administrator Anderson stated, per state statute, a city cannot increase fees without a public hearing and fees have not been raised since 2014. She then reviewed the 2021 regional intoxicating liquor license fees.

Mayor Regan Gonzalez asked about the, roughly, \$5,000 difference Richfield displays over surrounding cities.

Chief Henthorne stated previous Council gave direction to increase fees 3% every year, regardless. He then put a moratorium in place in 2014 to not increase liquor fees.

Council Member Trautmann expressed concern for small business owners and possibility of the city losing out on new businesses due to high fees.

Council Member Hayford Oleary agreed with comments and dislikes seeing Richfield so much higher than surrounding cities.

Council Member Supple asked if the 3.2 wine/beer fee is in line with other cities.

Health Administrator Anderson stated it does align with surrounding cities.

Council Member Hayford Oleary asked if police response is higher at locations that serve intoxicating liquor.

Chief Henthorne stated most calls are to locations serving intoxicating liquor which is part of the reason for the increased fees as it helps support public safety staff.

Council Member Whalen asked if there is a possibility to raise revenues other places in order to reduce liquor fees. He would like to see options to reduce the intoxicating liquor fee without terminating staff positions.

Chief Henthorne stated staff would time to research options as some budgets are combined with multiple departments. He did explain that loss in revenues could result in lay-offs of staff members. He explained support services and public safety departments are combined and usually able to absorb underage/overage, but not always.

Council Member Supple suggested an increase to the 3.2 fee in hopes to slightly decrease the intoxicating liquor fee.

Mayor Regan Gonzalez supported the idea of reducing the intoxicating liquor fee and bring more balance to all liquor fees.

Council Member Trautmann recommended setting a goal to achieve over a number of years.

Council Member Supple wondered how much time and resources are being spent at certain establishments.

Chief Henthorne stated, right now, the city is breaking even and is not in the business of making money. He also reminded Council the Club liquor fee is set by the state and not up to the city.

Health Administrator Anderson reviewed proposed fees for 2022-2023.

Council Member Supple asked how Uber and Lyft fit into taxi fees.

Health Administrator Anderson stated they are not a part of the taxi fees and there is only one licensed taxi business within city limits.

Council Member Trautmann asked about the potential for collecting fees from Airbnb rentals.

City Manager Rodriguez did state that is being reviewed by staff.

ADJOURNMENT

The work session was adjourned by unanimous consent at 6:54 p.m.

Date Approved: August 10, 2021



Maria Regan Gonzalez
Mayor



Kelly Wynn
Administrative Assistant



Katie Rodriguez
City Manager