

**MINUTES**  
**CITY OF DELANO**  
**City Council/Economic Development Authority**  
**Tuesday, September 1, 2020**  
**6:00 PM**

**1. Call to Order**

Dale Graunke called the meeting to order at 6:03pm

**2. Roll Call**

**Members Present:** Dale Graunke, Mayor; Councilmembers Betsy Moran, Holly Schrupp, Jason Franzen, and John Sutherland

**Also Present:** Phil Kern, City Administrator; Paula Bauman, City Clerk; Brian Bloch, Finance Director; Rebecca Gaida, Administrative Intern

**3. Special Order of Business**

A. Discuss 2021 Preliminary Budget (General Fund, Fire Fund, and Senior Fund Budgets and Tax Levies)

A. August 26, 2020 Memo

B. Budget Report

Brian Bloch presented the budget for 2021. He said the Council will have to approve preliminary levy by the end of Sept. There is no increase in the tax levy. Street Capital fund is being used to keep tax levy stable. A 1.8% increase was projected. New construction has added to the City's tax capacity. Local Government Aid, LGA, is projected at \$324,639. If LGA goes unallotted, the tax levy can be increased, which could result in an 8% increase in the tax levy. Graunke asked when the City will know about LGA. Bloch answered a decision would not be made until late December. Kern added that it's easier to leave it in and change the tax levy later. Bloch said that the legislature could also make cuts during the session. The 2008 budget had adjustments without tax increase. The tax capacity is 5.4% and home values 5.4%, because of construction tax capacity has gone up while home value has stayed steady. Next year there is a 7.5-8% increase in tax capacity. Moran asked which projects are causing growth in the city. Bloch mentioned that there have been a lot of new residential homes built and some commercial and industrial development, so the growth is from multiple factors. Sutherland asked if the City could do more bonding because the interest rates are so low. Bloch answered yes, but the payments won't happen until 2023. Kern mentioned the budget models are conservative and there is variability to the tax increases because of a number of factors. Graunke ask what projects are left to bond. Kern said some street projects and waste water projects and some developments in the West Metro Business park. Sutherland asked if staff could compile a list of suggestions for bonding. Kern stated there are no bonds built into the budget for next year. Any other bonds would be added to this budget or 2022. Bonding can only be done when the project is imminent.

Bloch continued saying property tax levy increases \$77,000, franchise fees increase by

\$60,000, building permits increase by \$25,000, charges for service increase \$69,000. Moran asked what caused the increase. Bloch stated that even if the economy isn't doing well there will still be building projects and if there needs to be a cut an employee can be furloughed. He also brought up the City switching to PEIP, a state brokered insurance plan. Right now, the City uses Gallagher. There have been significant insurance increases with Gallagher. PEIP increases at a lower rate. Kern mentioned that the benefit contribution is a significant expense. Delano Schools switched to PEIP, DMU has switched, and PEIP is a trend in the public sector. Sutherland said he would like to compare PEIP with Minneapolis. He asked if entities join to bring down insurance costs. Kern replied that the program is growing, the City of Delano would be a part of a whole in the PEIP program. Moran asked if the City contribution would change. Bloch replied saying if the City stayed with Gallagher, there would be significant increases in the budget. Kern added to maintain benefit to staff the costs will increase. PEIP increases premiums at a lower rate. Moran asked about company and employee contributions. Bloch clarified if the City didn't change, the budget would have to increase \$20-25,000. Sutherland asked if Delano is working with other cities through the PEIP program. Bloch answered that PEIP will allow Delano to negotiate with 100's of other cities in MN, it would also be easier to forecast.

Bloch continued with the budget presentation pointing out page 5 and the goal setting retreat. Kern added that there is no increase in personal services, if the council would like to increase salary of council members or the mayor, it needs to be done before the election. Schrupp asked when was the last time Delano sampled other communities. Kern replied probably about 4-5 years. It is a goal for 2021 and changes wouldn't become effective until 2023. Bloch continued with the Budget saying there is an increase in the Admin Department because of the staffing changes. The City added a full-time employee and eliminated an intern position. Sutherland asked for an explanation of eliminating an intern. Kern stated one intern position was transitioned to a full-time job. He has met with the League of Minnesota Cities and the City of Minnetonka and there will be changes to the fellowship program in the future. Sutherland added that the State of MN building division does have funding for a building inspection intern.

Bloch continued on the budget saying there were no changes to finance. He stated Public Safety has no change in hours and this might be a good year to increase hours because the tax levy increase is 0%. Kern added every 4-hour increase adds 3.2% to levy. Franzen said he has heard comments from the public there seems to be a lack of supervision from police. The Sheriff's department claims that HWY 12 takes up most of their time and supports adding hours during the daytime. Sutherland wants to know data and reason for adding hours, and he would consider adding a community service officer instead of a police officer. Sutherland would rather work on tailoring the policing to the community instead of just adding hours and does not perceive a need. Schrupp asked if the City pays for the SRO at the School. Moran added that the Sheriff was most concerned about early morning shift, there eventually be a need for more policing, but there is no need this year other than opportunity. Graunke stated instead of increasing hours, we should tailor the policing efforts. Staff should investigate the need for policing. Schrupp added that maybe hours could be added in the morning or afternoon and we should consider the need of policing in the community. Moran stated that the School officer should be included in this discussion

Bloch concluded that he will look at key items that affect the tax levy and bring it to the next

meeting. To finish the budget, he added that in Public Works the pay has increased. In Community Services the City hired an assistant building official and right now the revenue is there to fund the position. All Splashpad expenditures have been covered by other revenues. The Fire Department has no significant changes. The Senior Center does have a significant change. Catholic Charities is no longer contributing so the Senior Center fund has gone up about 18%

#### **4. Adjournment**

There being no further business to discuss, the workshop of Tuesday, September 1, 2020, was adjourned at 6:45p.

Signed:

Dale Graunke, Mayor

Paula Bauman, Administrative Services Coordinator

Attest: Rebecca Gaida, Administrative Intern