

**Cambridge City Council Special Meeting Minutes
Thursday, August 11, 2016**

A special meeting of the Cambridge City Council was held on Thursday, August 11, 2016, at 8:00 am at Cambridge City Hall Council Chambers, 300 3rd Avenue NE, Cambridge, Minnesota, 55008 for the purposes of updating the City's Long Range Financial Plan and 2017 Budget Draft, Updating the Street Improvement Plan, Determining Preliminary 2017 Levy, and a Closed Session on the purchase of property located at 701 1st Avenue NE.

Members Present: Mayor Marlys Palmer; Council Members, Lisa Iverson, Howard Lewis, Joe Morin, and Mike Stylski.

Staff Present: City Administrator Woulfe, Community Development Director Westover, Deputy Fire Chief Pennings, Economic Development Director Gustafson, Finance Director Moe, Police Chief Dwyer, and Public Works-Utilities Director Schwab.

Call to Order

Palmer called the special meeting to order at 8:01 am.

Approval of Agenda

Iverson moved, seconded by Morin, to approve the agenda as presented. Motion carried unanimously. Lewis stated for the record that he must leave at 10:45 am and requested that all voting on items be done before that time.

Street Improvement Program

Todd Blank provided an in-depth review of the City's past, present, and future street improvement projects. Blank stated that in the 1990s the City had no formal program for street improvements and the existing streets were in poor condition Citywide. The City started a deliberate street improvement program but did not succeed and the deferred action created a significant challenge to conduct and fund street improvements that still exists to this day.

Blank stated street improvement projects began downtown in 2001 and have continued per plan since. Since then, 20 miles of streets improved and about 18 new miles of streets have been constructed which is about 2/3 of the total 58 mile street system. Blank reviewed the street improvement program from 2018 through 2030 and highlighted the changes made to keep the program within budget.

Blank also reviewed the proposed areas of annexation and how water and sewer could be extended into these areas. Woulfe indicated the current street improvement program does not include serving annexation areas with streets and utilities and the approximate cost to serve these areas is:

W. Side River West Oaks Area:	\$6.8 Million	Central Ave east of Main St:	\$1.0 Million
Flanders/Alabama (95-16 th Ave):	\$4.7 Million	16 th Ave:	\$350,000
Woodcrest Park:	\$3.2 Million		

Long Range Financial Plan – 2017 Budget Draft

Mayor Palmer noted that Todd Schwab needed to do a presentation on the warming house for the ice sheet project because it could have an impact on the 2017 budget draft if the project is not done this year.

Schwab stated that on July 18th the City Council awarded the ice sheet project to Minnesota Ice for the construction of two refrigerated ice rinks, Becker Arena Products for dasher boards, and Musco Lighting Systems for a lighting system. Schwab stated the Ice Rink Construction Budget had a heading "Future Expenses" and an item identified under this category was the warming house. Schwab stated that staff has had conversations with Minnesota Ice and they made a strong recommendation that the chiller be enclosed in a building. Schwab noted the original plan was to locate the chiller for the refrigerator system on a concrete slab open to the elements. Schwab indicated that the enclosed building would be preferable because:

- The ability to service the chiller would be improved.
- The life of the chiller would be extended because it will be inside a building.
- The chiller equipment contains copper and would be subject to theft if not enclosed.
- The supplemental heat produced from the chiller's operation could be used to supply heat to the building that houses the unit.

Schwab stated that size of the building should be 30'x54' building to house the chiller, Tractor/Zamboni, and would include two warming houses. The building would utilize one common concrete slab, as well as one common supplemental heating system. Schwab stated staff solicited a quote for the construction of the 30'x54' chiller/Zamboni/warming house building. The building shell construction will be \$44,000.00 but that did not include the labor to erect the building. Staff also solicited a quote to relocate the existing warming house and that cost would be \$10,700.00. The quote would include a concrete slab with in-floor heating lines, electrical hookup, and hookup of the existing boiler to the new heating lines. City Staff would move the structure. The cost to complete the above mentioned improvements would be \$54,700.00. Iverson moved, seconded by Morin, to approve the construction of the 30' x 54' chiller/Zamboni/warming house building as outlined by Schwab. The motion carried with four ayes (Iverson, Morin, Palmer, and Stylski) and one nay (Lewis).

Moe reviewed the proposed draft of the 2017 budget, past levy and tax rate history and budget trends. Moe also reviewed the importance of matching up one time revenue sources with one time budgetary expenditures versus ongoing budgetary expenditures such as personnel costs. Moe also presented information collected from peer communities on staffing, budgets, and tax rates. Moe indicated the preliminary levy increase is currently at 3.5% and if Council desires to lower that amount, it needs to determine how it is going to cut the City's budget and bring revenues and expenses into balance.

Morin stated he is not surprised by the 3.5% levy increase but is troubled that it does not include a key Council directive which was to include an administrative assistant position in the 2017 budget. Morin also felt it was important to fund the \$30,000 to continue with the part-time police officers and that the City should not wait until April 1, 2017 to replace the building inspector position. Morin stated he supports a 5% increase to accomplish these objectives.

Lewis stated he felt these things could have been afforded if the Council would have voted to use the local option sales tax to fund the construction of the ice rinks. Lewis stated he can't support a 3.5% levy increase because property taxes are already too high in Cambridge and Cambridge has the highest tax rate of any city in the same population category.

Stylski stated while 3.5% may be needed, he doesn't see the need to hire the building inspector before Pleski retires and supports the staff recommendation to wait on this expense.

Iverson stated she agrees with the 3.5% levy increase, doesn't see the need to hire the building inspector before Pleski retires, and sees the definite need for the administrative assistant position.

Palmer stated she supports waiting until April to fill the building inspector position, delay the filling of the full-time police officer until 2018 and use the temporary, part-time officers instead. Palmer stated she would support 3.5% as a preliminary levy but would not support it as a final levy. Palmer stated she is convinced that the levy can be reduced.

Morin moved, seconded by Iverson, to approve a preliminary tax levy of 4.5% which would fund the administrative assistant position and keep some part time police officer hours. There motion failed with two ayes (Morin, Iverson) and three nays (Lewis, Palmer, Stylski).

Lewis recommended delaying the ice rink project, put the project on the ballot for the local option sales tax, and only do a one percent levy increase.

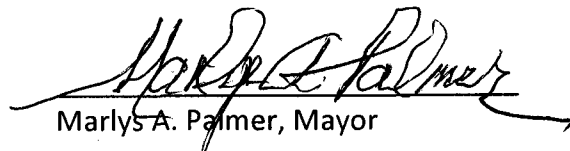
Palmer moved, seconded by Stylski, to adopt a 3.5% preliminary levy as proposed by staff but with a strong recommendation to reduce the levy before final adoption in December. The motion carried with four ayes (Iverson, Morin, Palmer, Stylski) and one nay (Lewis).

Morin moved, seconded by Iverson, to take a ten minute break from 10:42 am to 10:52 am. The motion carried. Lewis departed the meeting at 10:42 am.

Iverson moved, seconded by Morin, to go into closed session at 10: 52 am to discuss a potential offer for property located at 707 1st Avenue E for purposes of Highway 95 right of way. The motion carried unanimously.

Adjournment

Iverson moved, seconded by Morin, to adjourn the closed and regular session of the special City Council meeting at 11:15 am. The motion carried unanimously.


Marlys A. Palmer, Mayor

ATTEST:


Lynda J. Woulfe, City Administrator

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