

**WORTHINGTON CITY COUNCIL
SPECIAL MEETING, OCTOBER 27, 2014**

The meeting was called to order at 5:30 p.m. in City Hall Council Chambers by Mayor Alan E. Oberloh with the following Council Members present: Mike Kuhle, Diane Graber, Rod Sankey, Ron Wood, Scott Nelson.

Staff present: Craig Clark, City Administrator; Brian Kolander, Finance Director; Janice Oberloh, City Clerk; Dan Wycoff, Liquor Store Manager; Dwayne Haffield, Director of Engineering.

Others present: Justine Wettschreck, KWOA; Chad Cummings.

BUDGET DISCUSSIONS

Liquor Store - Dan Wycoff, Liquor Store Manager, stated the percent of increase in revenues at the Liquor Store will not be the same as in the past - sales are still good and up from last year but they've had a small negative from the 2014 projected amount. The out of town business is growing, and there has been a lot of growth in spirits. Expenses remain pretty much the same. Council Member Nelson asked if the transfer amount from the Liquor Store to the General Fund could be increased. Mr. Wycoff said that's a discussion more for Council. Brian Kolander, Finance Director, confirmed the fund balance was growing and was at \$1.1 million, up from \$800,000 last year. Craig Clark, City Administrator, said we need to be sure that with continual changes presented in the liquor laws it is important that we position ourselves to be in a good position, whether it means moving the store to a new location, but maintaining the monopoly and controlling the market. Mr. Clark said there are funds in the budget for projects but we don't necessarily need to do them. Council needed to consider whether they wanted to pass a budget with funds included for things that may not be done. The list of projects include a new roof, which Mr. Wycoff said is complicated because half of the building belongs to utilities - and also included is replacing two compressors, and do you want to put new compressors on an old roof. Council said the projects could remain in the budget but they would need to be discussed.

Stormwater - Dwayne Haffield, Director of Engineering, reported that there are no major changes in the stormwater budget - Council could leave revenues and rates as they are and there would still be a slight increase in what's going in to reserves. The issue is what's on the horizon - the CIP shows it's hard to keep that amount in check. We're spending about \$260,000 on projects that is coming out of the current year's utility revenue. Projects are continually shuffled. There are some storm sewer projects that we will coordinate with Public Utilities if they open up a street for sewer and water. Those projects typically go for larger amounts of money. In response to an inquiry from Council, Mr. Haffield said when the storm water fund was established it was never intended to cover new projects. We are working with FEMA and the Minnesota Department of Public Safety Department of Homeland Security on the Highway 59 Flood Management plan to package something up that will have 75% Federal funding to get the first couple of phases done - the storage by the Interstate and the culvert replacement on Oxford. Our demands for infrastructure are still out there. Mr. Haffield said if Council wishes to adopt the budget as presented staff will not be coming forward with an ordinance for rate change.

Street Lighting - Council reviewed the proposed 2015 Street Lighting charges, which reflected a 4.83% increase and will result in a \$.21 increase for residential customers and a \$.63 increase for

non-residential customers. Mr Haffield said there are two items for expenditures in the street lighting budget that come across from utilities - electric usage and transfer for infrastructure. The amounts being projected call for an increase of 4.8% to make the budget balance, based on a 99.9% collection. Council Member Wood said most of this is a pass through of what is anticipated to be coming from our two power suppliers and transmission lines but other increases will be coming. Only half of last year's increase was implemented through the local rates. It was determined to leave the street lighting budget as presented. Staff will be bringing a resolution forward in the future regarding the necessary rate change.

Final Budget/Levy Discussion - Craig Clark, City Administrator, reviewed a 2015 budget update, noting that the original proposed levy started at 15.78%, but following the changes as made by Council at earlier budget meetings, was now reflective of a 3% increase, which translates to a negligible effective increase of 2.7% to tax payers. Council discussed the potential of cutting to a 2.73% increase for a net 0 effect, noting the level of our undesignated reserves at \$3 million, but also concern that we may end up with a budget that is not very manageable because it's too low.

Following additional discussion, the motion was made by Council Member Graber, seconded by Council Member Wood and unanimously carried to approve the budgets as presented, but to certify at 2.73%, and let the Finance Director find the \$8,600 reduction to get there.

Health Insurance Discussion - Craig Clark, City Administrator, presented a summary of where we're at with the PEIP program for group health insurance, noting that we have been working to get on a calendar year for renewal, and are proposing to make it more competitive to the overall market and to transition to more incentive to move to an HSA. Mr. Clark said the risk to the City for HSA plans is fairly minimized. The proposal is to also get those who have single policies that are currently covered by the City to participate by paying 25 or 30 percent of the premium. The plan has been presented to both the 274 and 4 unions, but Mr. Clark said they have been unable to yet meet with the 49r's group. Going with PEIP has decreased the role of the Health Insurance Advisory Board. Brian Kolander, Finance Director, noted the plans have not changed under this scenario, and the deductibles remain the same. Mr. Clark said our commitment to PEIP was for two years, and we will continue to look at this.

ADJOURNMENT

The motion was made by Council Member Wood, seconded by Council Member Sankey and unanimously carried to adjourn the meeting at 6:38 p.m.

Janice Oberloh, MCMC
City Clerk