

**OSSEO CITY COUNCIL
WORK SESSION MINUTES
November 29, 2021**

1. CALL TO ORDER

Mayor Duane Poppe called the work session of the Osseo City Council to order at 6:00 p.m. on Monday, November 29, 2021. Due to the COVID-19 pandemic this meeting was held virtually.

2. ROLL CALL

Members present: Councilmembers Juliana Hultstrom, Harold E. Johnson, Larry Stelmach, Alicia Vickerman, and Mayor Duane Poppe.

Members absent: None.

Staff present: City Administrator Riley Grams, Financial Consultant Gary Groen, and City Accountant Shelly Cisewski.

Others present: None.

3. AGENDA

Council agreed to discuss the work session items.

4. DISCUSSION ITEMS

A. FINAL 2022 CITY BUDGET

Grams stated the City Council last reviewed the preliminary 2022 City budget at the September 13, 2021 meeting. It was noted the Council approved a preliminary tax levy of \$1,754,859 which was then sent to Hennepin County to generate preliminary property tax statements which should have now been received by property owners. Since then, staff has been hard at work refining the budget which includes obtaining better expenditures and revenue numbers. The Budget and Finance Committee also received a copy of the updated budget ahead of the November 29 budget work session meeting for consideration. Staff provided a summary on the important numbers when comparing the 2021 budget, the 2022 preliminary budget. It was noted the final tax levy shows a reduction of \$9,258 from the preliminary tax levy passed in September. Staff further discussed the final 2022 budget and requested comments or questions from the Council.

Stelmach discussed the expense for recording noting the overall cost went down in 2021. Grams reported this number went down due to a reduction in codifying expenditures.

Stelmach questioned why insurance was going up in 2022. Grams reported this was due to the number and type of vehicles being insured by the City.

Stelmach stated he was surprised to see a decrease in membership dues for 2022. Grams commented this was due to a difference in dues from City Planner Abts to Community Management Coordinator Amerman.

Stelmach requested further comment on the proposed gas fees for 2022. Grams commented on how staff estimated the expenses for the coming year.

Hultstrom asked if \$50,000 could be put in the CIP which would mean the City was holding back \$10,000 to cover the difference if a higher wage increase were pursued. Grams reported this could be done.

Hultstrom supported the City Council approving wage increases given the rate of inflation and rising costs. She then commented on the upcoming LMC conferences noting the February conference would be in person. She indicated she would not be attending this event but would like to attend the LMC's annual conference which would be held in Duluth in June. She discussed how much she learns from the LMC and Ehlers events. She thanked Grams for coming to the Council with a very strong budget for 2022.

Stelmach stated he could support the 3% COLA.

Vickerman thanked Grams for going through the budget with her thoroughly. She appreciated understanding what the increase was more clearly and noted she supported listening further to the proposed COLA increase for staff.

Johnson questioned how much PTO would be paid out for City Clerk Larson. Grams reported this totaled \$42,000.

Johnson requested further information regarding health insurance. Grams discussed the numbers and reported his estimate would be going down roughly \$4,000.

Johnson requested staff look into the postage and staff cell phone expenditures. He asked where the expenditures for Tyler Technologies was located in the budget. Grams stated this expenditures was being paid by the bond in 2022.

Further discussion ensued regarding overages from the financial consultant, noting this was due to necessary payroll corrections. Staff noted the increase in training expense was due to the new firefighter hires and the training that was required for these individuals.

Johnson asked if the workers comp increase was due to claims or just a regular increase. Grams reported workers comp was sky high for all police departments at this time. He noted this increase was not due to claims.

Johnson recommended staff check with the tax people to ensure the vehicles being used by the Police Chief and Fire Chief were being written off properly. Grams stated he would speak with the auditor further regarding this matter.

Hultstrom questioned what information staff had on the new water meters and if any savings would be seen by the City. Grams explained it was his understanding revenues were up after the first water meter reading. He anticipated that as more readings occur the City's revenues would continue to increase because water loss would be less.

Poppe questioned if the Council supported the compensation increase for staff members.

Johnson and Hultstrom supported the compensation increase for staff.

Stelmach supported the CIP contribution remaining at \$60,000.

Vickerman concurred, noting she would support a COLA increase as well.

Johnson stated he would like to see staff setting up a reserve for accumulated hour payouts. He wanted to see the City having a fund in place that was available to cover future expenses.

Johnson requested comment from staff regarding the ARP funds. Grams explained the City received just under \$150,000 and noted just over \$8,000 had been spent to date. He reported the City has just over \$140,000 remaining in ARP funds. He indicated the City would be receiving another \$150,000 in 2022.

Hultstrom questioned when the deadline was to spend the ARP funds. Grams stated the City had two years to spend these dollars.

Hultstrom commented she would like to see the City giving a portion of the ARP funding to CROSS.

Stelmach requested staff look into what other non-profit organizations were in need in the community and report back as to how ARP funds could benefit these organizations.

Grams explained he would incorporate the changes that were discussed by the Council this evening and noted a final version of the budget would be presented to the Council on Monday, December 13.

5. ADJOURNMENT

The Work Session adjourned at 7:14 p.m.

Respectfully submitted,

Heidi Guenther
Minute Maker Secretarial