

**OSSEO CITY COUNCIL  
WORK SESSION MINUTES  
September 26, 2022**

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, September 26, 2022.

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 Cisweski.

3. AGENDA

Council agreed to discuss the work session items.

4. DISCUSSION ITEMS

A. DISCUSS TYLER TECH PROJECT FINANCING

Grams stated Councilmembers Johnson and Hultstrom have requested that this item come before the full Council for discussion. They have raised questions relating to the Tyler Tech software implementation expenditures and related financing for the project. The 2020 utility bond issue included \$125,000 for the implementation of new Tyler Tech software that includes, utility billing, meter reading, payroll, accounts payable, general ledger accounting and reporting, budgeting, cashiering, building permits and several other applications. This new system is intended to streamline and enhance some of the accounting and reporting tasks of the City. As a reminder, the old system (Banyon) was creating many issues for Staff with constant crashes and the inability to generate necessary reports we need to administer the City's finances.

Groen reported at the time the bond money was received in 2020, the bonds proceeds were allocated to the water and sewer funds for \$62,500 to each fund. Since then, all software implementation costs have been currently split equally between the water and sewer utility funds equally – consistent with the split of the bond proceeds to finance the project. The schedule of the software project costs to date was provided to the Council as requested prior to the last Council meeting. The report through July 26, 2022, for Tyler expenditures and August 23, 2022, for Abdo expenditures totaled \$143,661.25 which was \$10,624.10 more than the proceeds of the bond issue and the bond issue premium.

Groen explained there is some concern that the implementation expenditures are somehow charged to the water and sewer fund twice. That will not be the case. Groen uses the example of buying a car. If he goes out and buys a new car for \$50,000 and borrow \$50,000 to pay for it, he will repay the \$50,000 that he borrowed from the bank over a period of time. He will not have paid for the car twice. Rather, he will have paid for it just once as he pays the bank back for the money he borrowed. The same applies to the financing for the software.

Groen indicated the City will pay for the Tyler Tech and Abdo expenditures from the bond proceeds the City borrowed. The City will repay the money borrowed (2020 bond issue) over a period of 10 years together with interest. The total payments of principal and interest over the 10-year period will total \$139,748.61 (\$14,748.61 interest and \$125,000 principal). At the time the bonds were issued it was assumed that all related costs of expenditures, financing and repayment would all be split between equally between the water and sewer utility funds. The Council reviewed this process and directed Staff to move forward with the bond sale and subsequent bond repayment process as outlined.

Groen commented recently, Councilmember Johnson has suggested that some of the Tyler and Abdo expenses are not related to any sewer and/or water utility functions, and thus should be removed from those funds and placed elsewhere. Councilmember Johnson estimates that approximately one-third of the expenditures should be removed. Groen and Grams discussed this option in detail and both agreed that this would not be an issue. We can easily review the to-date expenses and determine which ones are not related to utilities, and then place them into a different fund. It was noted Staff recommends the CIP Equipment Fund. Staff would then place a matching revenue stream into the same fund to offset that expense. Likewise for the additional \$10,624, we can determine how much of that should be taken out of the utility fund and placed elsewhere, along with a matching revenue amount as well. Consistent with this approach we would reallocate the project expenses, the bond proceeds and future debt service payments.

Johnson thanked Staff for putting this information together for him in a short period of time. He stated he supported the allocations as recommended by Staff.

Vickerman thanked Staff for their efforts and noted she supported the recommendations from Staff. Groen stated he appreciated the positive feedback and commented further on how the funds would be allocated going forward.

Hultstrom requested further information regarding the annual fees for the Tyler Tech software. Grams explained the annual fee was \$19,000. He noted the first year was paid for through bond proceeds and going forward the expense would be paid for from the general fund.

Johnson thanked Staff again for bringing these changes and recommendations to the Council.

Council consensus was to support Staff's recommendation and to implement the proposed changes.

5. ADJOURNMENT

The Work Session adjourned at 6:18 p.m.

Respectfully submitted,

Heidi Guenther  
*Minute Maker Secretarial*