

Cambridge City Council Meeting Minutes
Monday, June 29, 2020

A special meeting of the Cambridge City Council was held on Monday, June 29, 2020, at Cambridge City Hall Council Chambers, 300 3rd Avenue NE, Cambridge, Minnesota, 55008.

Members Present: Mayor James Godfrey, Council Members Lisa Iverson, Kersten Conley, Joe Morin, and Bob Shogren.

Member Absent: None.

Staff Present: City Administrator Woulfe, Police Chief Schuster, Director of Finance Moe, Economic Development Director Gustafson, Emergency Management Director-Deputy Fire Chief Pennings, and Utilities/Public Works Director Schwab.

Call to Order

Godfrey called the meeting to order at 3:30 pm. The purpose of the special meeting was to begin work on the City's 2021 operating budget and consider a request from Minnco to amend the purchase agreement for parcel 15.292.0030 located in Spirit River Crossing

Purchase Agreement Amendment

Minnco Credit Union is requesting approval of third amendment and extension to the Purchase Agreement on 1.90 acres with in Parcel # 15.292.0030 and the remaining 1.64 acres within the Spirit River Crossing Development.

Third Amendment to the Purchase Agreement for Parcel 15.292.0030

Gustafson stated that Minnco Credit Union is requesting a third amendment and extension to the Purchase Agreement dated December 16, 2019 for the contingency period to September 1, 2020. Gustafson reported that staff initially sent a letter to Kohls on April 6, 2020 requesting approval of the site plan concept for Minnco on Outlot A. Staff received a letter from Kohls on June 2, 2020 stating what they would agree to, but had more concerns of the future expansion.

Gustafson explained there is continuing discussion with Kohl's and Minnco about the lot layout and size of buildings that can be built which needs to be resolved prior to the purchase of the property. Therefore, Minnco is requesting additional time to receive approvals from Kohls on the increase in building square footage over what is allowed in the Easements, Covenants, Conditions, and Restrictions (ECCR) document. At this time, Gustafson stated he was anticipating a closing on the property on or before September 30, 2020.

Concerns were raised by Council as to the continued delays with the purchase of this property. After discussion, Conley moved, seconded by Iverson, to approve the third amendment and extension to the purchase agreement dated December 16, 2019 as presented. The motion carried unanimously.

2021 Operating Budget

Moe shared with Council the difficulties in putting together the 2021 operating budget. Moe stated that the first half of property tax collections was in line with budgetary amounts but she remains concerned about the effects of COVID19 for second half payment of taxes and what may happen with LGA in light of the State's looming deficit.

Woulfe stated that with an 11% levy increase facing the City Council even before the 2021 budgeting process begun, it was important to think about the delivery of city services and how Council wants to structure service delivery. In contrast to this, Council has also expressed a desire to have long-term levy reduction. Woulfe stated that in order to accomplish this directive, the Council will need to focus on reducing recurring expenditures and one of the biggest areas for recurring expenditures is personnel costs.

Woulfe highlighted some key points for Council consideration:

Public Works is desperately understaffed and they need another full-time position. All positions within the City are very important to service delivery and we are not currently overstaffed in any department. Police and Fire are essential services, but from a community perspective so is the enforcement of zoning ordinance and building codes. We need sufficient staff in place to be responsive to current service levels.

As we have discussed in the past, the only way to achieve significant levy reductions in for Budget Year 2021 (BY21) and beyond is to decrease personnel costs. Councilmembers have explored the option of an electric franchise fee as an additional revenue source but a majority has agreed that this is simply a different form of taxation and did not desire to pursue a franchise fee.

Woulfe stated the proposed 2021 budget contemplates the following personnel changes:

- Elimination of Community Development Director position
- Elimination of Economic Development Director position
- Create an Assistant City Administrator position that leads the Community Development Department. Economic development duties transition to City Administrator. The Assistant City Administrator would transition into the City Administrator position and then the City would hire a new Assistant City Administrator.
- Transfer Code Enforcement to the Police Department
- Bring the PT Administrative Assistant in PD to full-time in light of the code enforcement duties
- Adding a public works employee and hiring a person to replace the current vacancy

Woulfe noted these changes bring the 2021 levy increase down to 7.87%.

Other options explored were:

- Elimination of Economic Development Director position
- Elimination of Community Development Specialist position (code enforcement transfers to PD)
- Transfer Code Enforcement to the Police Department. Police Permit Technician moved to FT

- Adding a public works employee and hiring a person to replace the current vacancy
- New City Administrator for January 1, 2021. The City Administrator still assumes economic development activities.

These changes bring the 2021 levy increase down to 6.95%.

Woulfe stated the final preliminary option costed out was:

- Economic Development Director given early retirement option. The City pays health insurance for 2021, 2022, and 2023.
- Community Development Director, Community Development Specialist position, and Community Development Administrative Assistant reduced to 32 hours per week with a pro-rated share of health insurance and other benefits (vacation, sick leave, holidays, etc.) and code enforcement transfers to PD.
- Police Permit Technician moved to FT
- Layoff one police officer (anticipated that the School District may not renew both SRO contracts).
- Deputy Fire Chief position reduced hours.
- Adding a public works employee and hiring a person to replace the current vacancy
- New City Administrator for January 1, 2021. The City Administrator still assumes economic development activities.

This option brings the 2021 levy down to a 4.35% increase.

Woulfe noted there are several other staffing considerations that can be explored after Council discussion and a determination on what levy increase Councilmembers were willing to support.

Woulfe noted there are other financial considerations for Council to keep in mind such as the State's \$4 billion dollar deficit and how that will affect LGA, removing items from the capital plan will give you one-time savings but to truly lower the tax levy recurring costs must be reduced, and budgetary woes are not isolated to the City of Cambridge. Unfortunately, many employers are laying off staff in order to keep afloat due to COVID19 pandemic and reduced revenues.

Councilmembers had considerable discussion on the budget options as presented. Council discussed bringing on an Assistant City Administrator in 2020 to prepare for Woulfe's retirement. Council, by consensus, requested the Director of Finance to bring a 2020 budget adjustment to the Council for an Assistant City Administrator position starting October 1, 2020 for their July 20, 2020 meeting.

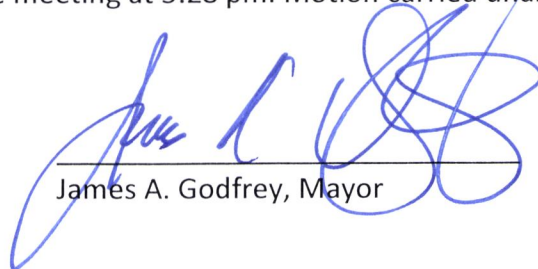
Councilmembers renewed their discussions on a franchise fee and directed staff to bring information back for Council consideration at their July 20, 2020 meeting. Councilmembers requested staff to invite Connexus, East Central Energy, and CenterPointe gas to the meeting for information purposes.

Councilmembers discussed the 2021 proposed levy and what they would support before the voters. Considerable discussion was held as to what the appropriate percentage increase should be. Shogren, Morin, and Iverson stated they could support an 11% increase in the levy to retain staff. Godfrey and

Conley stated that was far too high for them to support and that the Council has been talking for many years about lowering the levy for property tax relief. Conley and Godfrey stated they could not support an 11% increase and were looking at 5% for less. Through consensus, the Council agreed to look at the impact of an 8% levy increase.

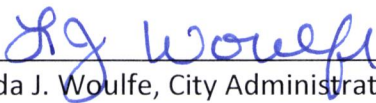
Adjournment of Council Meeting

Conley moved, seconded by Moring, to adjourn the meeting at 5:28 pm. Motion carried unanimously.



James A. Godfrey, Mayor

ATTEST:



Lynda J. Woulfe, City Administrator