

**Cambridge City Council Meeting Minutes  
Monday, August 31, 2020**

A special meeting of the Cambridge City Council was held on Monday, August 31, 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, Community Development Director Westover, Director of Finance Moe, Economic Development Director Gustafson, Police Chief Schuster, and Utilities/Public Works Director Schwab.

**Call to Order**

Godfrey called the meeting to order at 3:30 pm.

**Long Range Financial Plan and 2021 Budget Discussion**

Woulfe stated that after the last City Council's budget session, staff was directed to come up with a budget that increased the levy no more than 8%. In order to accomplish this directive, the Council will need to focus on reducing recurring expenditures. Our biggest area of recurring expenditures is personnel costs. As we have discussed in the past, the only way to achieve significant levy reductions in Budget Year 2021 (BY21) and beyond is to decrease personnel costs.

Woulfe noted that Councilmembers have explored the option of an electric franchise fee as an additional revenue source but, to date, a majority has agreed that this is simply a different form of taxation and did not desire to pursue a franchise fee. If the Council decides to impose a franchise fee on gas and electric, we do have model ordinances that we can use and the Council still needs to decide on:

- the rate and rate design (flat vs. percentage),
- by meter or by account
- member classification (residential, commercial, manufacturing),
- how do you treat billboards, irrigation systems, and telephone – cable power boxes

Woulfe asked for feedback from Councilmembers on whether or not they wanted to proceed with instituting a franchise fee. Godfrey and Conley stated they did not support a franchise fee because it is just another form of taxation and you are still taking money out of the taxpayer's pocket. Shogren stated he views it as another way to tax and would rather focus on the levy. Morin stated he has met with business owners and after the franchise fee was explained to them, they said it made sense to them. Morin continued that he didn't feel the franchise fee was a sneaky way to add taxes and it would help

everyone pay their fair share. Morin stated that now may not be the time to institute the franchise fee but Council should keep the concept in play for the future.

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

- Elimination of Economic Development Director position
- Elimination of the Community Development Specialist position.
- Change the Community Development Director position to City Planner. This reduces the grade on this position from Grade 15 to Grade 12. This position was not red-circled in the salary calculations which means the incumbent will experience a salary reduction.
- Create an Assistant City Administrator position that leads the Community Development Department and does all economic development activity.
- Adding a public works employee and hiring a person to replace the current vacancy
- Police Permit Technician is increased to full-time and will also handle licensing for fireworks, mobile food carts, transient merchants, tobacco, and liquor. Code enforcement activity is also transferred over to the Police Department.
- City Administrator’s retirement on May 1, 2021. Hiring process for new Administrator to commence on March 1, 2021.

Woulfe noted that if she can find the additional money in the budget to keep the Community Development Specialist position, then the Community Development Administrative Assistant position would be eliminated instead. Moe stated the difference is an increase in expenditures of \$19,500.

Woulfe noted that the hiring process for the Assistant City Administrator and Public Works vacancy would begin immediately in hopes of having new employees hired by mid-October. These changes, along with several changes to the capital plan and miscellaneous line items, brings the 2021 proposed levy increase to 4.92%, but recommend Council set it at 5%.

Moe reviewed levy projects for 2021 through 2030 based upon the assumptions put in play for the 2021 operating budget as presented. Moe noted that if City Council would apply \$100,000 of the sale proceeds from the Heritage Green parcel, as opposed to funding a splash pad, to the reduce the 2021 levy, the levy could be dropped to 3.09%. Moe continued that \$100,000 would also be used in 2022, 2023, 2024, 2025 and then \$80,000 in 2026, the future levies would model the following:

<b>Year</b>	<b>Levy Increase</b>	<b>Levy with applying sale proceeds 2021-2026</b>
2021	4.92%	3.09%
2022	4.20%	4.28%
2023	10.62%	10.80%
2024	.38%	.39%
2025	8.19%	8.31%
2026	1.67%	1.98%

Councilmembers concurred that using the sale proceeds from the Heritage Greens parcel would be best applied to lowering future levies. Godfrey inquired if a larger portion could be used in 2023 and 2025 to bring those increase down further. Moe stated it is an option, but it would then increase the levies in 2024 and 2026 because you would have a lower base from the previous year. Conley stated that she

feels the City should finish all of its other park goals as agreed upon at the Council's visioning session rather than building a splash pad which puts a higher burden on public works for maintenance.

Moe stated there have been expenses that have been pre-funded to reduce the impact on the 2021 such as the airport taxiway relocation project.

Councilmembers began discussion on the 2021 proposed budget. Morin and Shogren stated they did not support the plan as presented. Shogren and Morin stated they don't believe the Assistant City Administrator position is needed and the City should just go through a transition process when Woulfe retires. Shogren and Morin felt the personnel reductions were too significant.

Shogren stated he felt the Council should stay with the eight percent (or 7 percent) increase and hope to get it down to five percent by December. Morin stated he disagrees on creating the Assistant City Administrator position but the preliminary levy should be set at five percent.

Iverson stated she was afraid of losing Woulfe's institutional knowledge without a solid transition plan but she understands Shogren and Morin's position. Iverson stated she could support a six percent levy increase.

Godfrey and Conley felt the Council should follow the plan laid out in the proposed budget, keep the preliminary levy at five percent and look for ways to reduce it further by December.

Iverson moved, seconded by Conley, to move forward with the proposed personnel plan and the 2021 budget as proposed. Godfrey, Conley, and Iverson voted aye; Shogren and Morin voted nay. Motion passed 3-2. Woulfe asked for clarification on whether or not that meant she had the flexibility to find the additional \$19,500 to keep the Community Development Specialist position and then lay off the Community Development Administrative Assistant position. Those voting in favor of the motion stated that was the intent of the motion.

Shogren inquired if the layoffs would all happen as of 12/31/2020. Woulfe responded it would be effective 12/31/2020.

#### **Truth in Taxation Hearing Date**

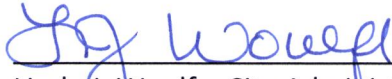
Moe proposed the City Council set their truth in taxation hearing date for December 3. Moe reported that Isanti County and the CI School District have decided they do not want to participate in a joint hearing this year. Shogren moved, seconded by Iverson to set the City's truth in taxation hearing date and time as December 3, 6:30 pm. The motion carried unanimously.

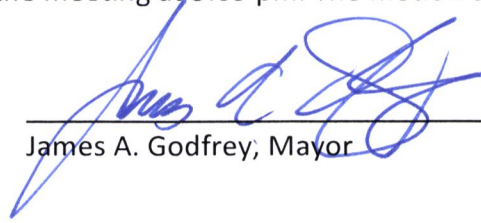
#### **Utility Account Issue**

Moe reported that the City has overbilled the Preserve for water and sewer consumption due to a meter issue. Moe stated she does not have the final numbers ready for Council approval but noted this account will receive a significant refund when the billing errors are double checked and a refund amount finalized.

**Adjournment**

Conley moved, seconded by Shogren, to adjourn the meeting at 5:09 pm. The motion carried unanimously.

  
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Linda J. Woulfe, City Administrator

  
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James A. Godfrey, Mayor