

Cambridge City Council Special Budget Meeting Minutes Monday, July 17, 2023

A Special Budget meeting of the Cambridge City Council was held at Cambridge City Hall Council Chambers, 300 3rd Avenue NE, Cambridge, Minnesota, 55008.

Members Present: Mayor James Godfrey; Council Members Aaron Berg, Mark Ziebarth, and Bob Shogren

Members Absent: Council Member Lisa Iverson

Staff Present: City Administrator Vogel, Police Chief Schuster, Assistant Fire Chief Bustrom, Finance Director Moe, Community Development Director Westover, City Engineer Blank, Utilities/Public Works Director Schwab, Store Manager Mix, Assistant Store Manager Davidson, and Assistant to the City Administrator Seiberlich

Call to Order

Godfrey called the meeting to order at 4:00 pm.

Approval of Agenda

Berg moved, seconded by Ziebarth, to approve the agenda.

3. Update to Long Range Plan and 2024 Budget and Levy Discussions

- A. Review 2024 Budget and Levy Recommendations
 - 1. Powerpoint Presentation
 - 2. Levy Projections 2024-2033
 - 3. Sample Impact of 2024 Levy on Various Parcels
 - 4. Proposed 2024 General Fund & EDA Admin Budgets
 - 5. Capital Improvement Plan 2024-2033 (Excluding Utility and Liquor Store Funds)
 - 6. Updated Proposed Street Improvement Map
- B. Determine Council Consensus on Preliminary 2024 Levy
- C. Next Steps for Communication and Engagement of Public

Berg, Ziebarth, and Godfrey voted aye. Shogren was absent at the time of voting. Motion carried.

New Business

Review 2024 Budget and Levy Recommendations

Vogel noted the purpose of the special meeting was to provide a broad budget overview, discuss the effects of 2023 on the budget, and discuss options and highlights for 2024.

Moe summarized the changes since the last update, the property tax increase forecasted for 2024 remains unchanged at 8.96%. There have been significant increases in projected operating and capital expenses, somewhat balanced by significant increases in projected revenues from the state.

There is a one-time State Public Safety Aid fund of \$431,000, Moe stated these funds would be best used on updating police equipment. Other areas where the funding could be used were discussed, such as mental health support or equipment for the fire department, but overall staff felt those areas were already adequately covered.

Moe summarized the expenditure changes, noting the most significant changes were due to labor and material cost increases, especially in planned street projects, as well as severance payouts for expected retirements.

Moe outlined ways to reduce the tax increase, such as utilizing excess profits from Northbound Liquor, predicted to be around \$200,000 by the end of 2023; dedicating excess funds from the high number of building permits for 2023, estimated to be around \$100,000; reducing proposed capital projects; or other spending cuts.

Moe went over the predicted 10-year Tax Levy Summary, presenting the Council with sample property taxes on commercial and residential with an 8.96%, 15.5%, and 5.6% increase in levy.

Godfrey asked what happens to the 2025 and 2026 levy with a 5.6% increase, Vogel recommended staying with the 8.96% increase for future stability. Moe reminded council of the projected \$300,000 excess funds that could be used to buy down future levies.

Moe noted one of the city's core goals was to be in the middle for tax rates, while average rates weren't available yet for 2023, based on 2022 rates, Cambridge was just above median rates. Godfrey noted he would like to see tax rates decrease over 10-20 years and bring the city into the 30-40 percentile, and would like to see the excess funding spread out over the next 2-3 years. He agreed it would be wise to start with the 8.96% levy and attempt to bring it closer to the ideal rate of 5.6%.

Berg said he felt the 8.96% levy was fair, and said none of the excess funding should be used for 2024, but spread out from 2025-2026.

Shogren said staying with the 8.96% levy, even up to 10%, would help stabilize future levies.

Ziebarth agreed starting with the 8.96% levy for 2024 to help with future stabilization.

Park Dedication Fee Usage

Vogel reported the city has \$361,561 in park dedication fees, with the potential for \$1.2-1.5 million more in land sales in the near future. These funds, along with redevelopment funds and the EDA land funds, puts the available total up to \$3.29-3.54 million. Vogel noted these funds could be used for other items, but the options he would present represent a clear course of action to accomplish City Council goals established in the Strategic Plan.

The first option Vogel presented was an opportunity to explore the purchase of the 125-acre Munkberg family property to create the best park in the county, including a water feature. The proposed project could include partnering with a developer to build residential homes. The ultimate goal would be to build a four-season event center on the bluff; walking trails; playground; boat ramp; canoe, kayak, and paddle boat rentals; and swimming beach. There also would be a future possibility to connect the trails with other trails in town, creating a bike/walk trail around the entire city. Vogel said the asking price for the property is \$4.2 million, with possibility of negotiation. There could be enough funds on hand to purchase the land outright. The total build out of the park would estimate \$7-10 million dollars, some of the costs could be recuperated through the sale of the

developable property. The purchase could also be partially funded through an abatement bond allowing the city to pay back the purchase over time.

Vogel proposed to Council to acquire the Munkberg family property to gain control of the lakeshore, find a developer to work with to build higher-end residential homes, and develop the park using a phased approach.

Godfrey noted developing higher-end homes would help develop a larger tax base for the city. Ziebarth felt the project was worth looking into, currently there is no beach in Isanti County so this would have the possibility of becoming a regional hub. Berg felt the concept was risky, but also could have a lot of potential. Shogren mentioned using part of this property to build a much-needed second fire station.

Vogel presented the second option of a decking system walkway and fishing pier through Joe's Lake Preserve area, which is already 75% city land. The inspiration for the idea came from the Harriet Alexander Nature Center at Central Park in Roseville. Exact costs are difficult to estimate without further research, but would cost less than the Munkberg park concept. The area would likely be heavily used by city residents, but wouldn't have the same regional draw as the Munkberg park.

Godfrey felt staff should actively pursue the Munkberg park concept, and if that falls through, developing Joe's Lake Preserve would be a good backup to explore. Vogel noted that some funding available for the Munkberg park project could not be used for Joe's Lake Preserve because the city owns much of the land around Joe's Lake and some funding can only be used for land acquisition.

Shogren felt this option would be popular with the residents, as would a beach option. Berg questioned the long-term maintenance costs of the decking system given the size of the project.

Vogel said option three was replacing the City Park structure that was damaged due to heavy snowfall with a bandshell or Amphitheatre. This would be beneficial for the city's concerts in the park events, it could be popular but more infrequent in use. Insurance proceeds would pay approximately \$88,000 towards a new structure, it is estimated a similar structure would cost approximately \$110,000 to build. One consideration is if the structure would interfere with the sledding hill, which is popular in the winter.

Overall, Vogel recommended an exploration of the Munkberg Park concept along with replacing the fallen City Park pavilion with a similar structure. Council members agreed to this proposal.

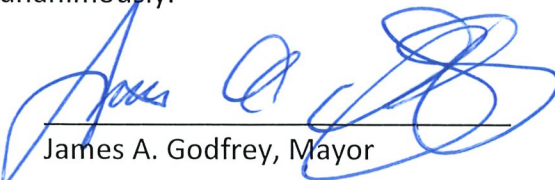
Adjournment of Council Meeting

Being no further business before the City Council, Berg moved, seconded by Shogren, to adjourn the special budget meeting at 5:36 pm. Motion carried unanimously.

ATTEST:



Evan Vogel, City Administrator



James A. Godfrey, Mayor