

1. Call to Order. The Workshop of the City Council of the City of Rogers was called to order by Mayor Ihli on Tuesday, November 13, 2018 at 5:35 p.m. at Rogers Community Center, 21201 Memorial Drive, Rogers, MN, 55374.

Council present: Mark Eiden, Bruce Gorecki, Rick Ihli, Darren Jakel, and Shannon Klick.

Staff present: Jeff Beahen, Police Chief; Gary Buysse, Paul Byun, Deputy Clerk/Communications Coordinator; Lisa Herbert, Finance Director; Stacy Scharber, Assistant City Administrator; John Seifert, Public Works Director; Steve Stahmer, City Administrator; Bret Weiss, City Engineer; and Jason Ziemer, City Planner/Community Development Coordinator.

2. Proposed Final Levy as of 11/13/18

Finance Director Herbert, current Proposed Final Levy is set at 2.29%.

3. Significant Budget Impacts

- Administration – Other Professional Services
 - \$22,500 Pedestrian Bridge – State Bonding Bill lobbying budget

Stahmer, gave background on governor's to do projects

- \$10,000 Sales Tax Referendum – State Legislature lobbying budget

Stahmer, this is a verbal estimate from Goff. New legislator has pledged a no tax raise, and will oppose a tax increase. Referendum passed 51-49%. \$16 million total for tax referendum so \$10,000 is not a large number in comparison.

Jakel, was surprised that people blindly voted towards the referendum. There should have been more information out there for residents.

Gorecki, did not think the referendum would pass.

Eiden, in an obscure year, if it's a small bill you stick out.

Klick, what's going to happen for Elk River?

Gorecki, since it did pass, we should make an effort to lobby for the sales tax referendum.

Ihli, who would lobby?

Stahmer, we would have to find another representative from another district to bring it forward.

Stahmer, staff recommendation: \$10,000 is a small number in our budget to spend, just because it's in our budget doesn't mean we have to spend it all.

Gorecki, I am okay with budgeting for the bridge.

Ihli, we need to get our representative to push this forward.

After discussion, Council agreed to budgeting \$25,000 for both items.

4. 2019 Fee Schedule Ordinance

Herbert, each department supervisor has reviewed relevant sections of the Master Fee Schedule and coordinated their changes. The City Council reviewed the Master Fee Schedule prior to the November 13, 2018, City Council Meeting. Staff is recommending continuing to apply the 1997 UBC Code for building permit fees (which can be justified with offsetting related expenses). Ordinance No. 2018-10 provides one central ordinance for all fees, fines and charges for easy research and publication. There are also a number of fees that have statutory limitations. It is important to keep in mind that per Minn. Stat. 462.353 subd. 4(a) and (b), fees must be fair, reasonable, and proportionate and have a nexus to the actual cost of the service for which the fee is imposed and a municipality must adopt management and accounting procedures to ensure that fees are maintained and used only for the purpose for which they are collected. Several fee calculations have had received input from consultants and related studies.

During 2011 staff consulted with Ehlers and Associates to review the 2009 Utility Rate Study and the results since its implementation, to ensure we are on track with long range planning for each utility's operations, access fees and trunk charges. The Utility Enterprise Funds Capital Improvement Plans (CIP) have been updated along with historical financial information and the 2019 budget. As a result, the recommendations are to increase the rates to incorporate the rate study recommendations and reflect revenue needs for program expenses. Staff is recommending the following rates increases:

- Water meter basic charges - 7% increase
- Water usage rates (tiers 1-3) – 5-6% increase
- Water usage rates (tier 4 and irrigation) - 18% increase
- Sewer basic charge and sewer usage rates – 4% increase
- Storm water utility fees – 2.5% increase

The increase to sewer on an average residential home would result in approximately \$2.23 bimonthly increase, the increase to water on an average residential home would result in approximately \$1.61 cents bimonthly increase, and the increase to storm water services on an average residential home would result in approximately \$0.20 cents bimonthly increase. The State mandated water testing fee being charged in addition to the basic charge is \$0.53 cents per month or \$1.06 bimonthly.

The total of all increases on an average residential home (using 7,500 gallons of water per month) would result in approximately \$3.98 bimonthly (or \$1.99 monthly) total increase over the 2018 utility rates. Staff is also recommending an updated Utility Rate Study to be completed at a minimum of every 10 years. This is especially important in a growing City with rapidly changing capital needs. Utility Rate Studies can be costly and are completed with the use of a utility engineering and /or financial advising consultant. Staff has included the cost of a Utility Rate Study in the 2019 Enterprise Fund budgets which will be reviewed at the December 4th Budget Workshop.

Seifert, most people are in tier 2.

Herbert, for the average person it would be a \$1.99 increase to their bill.

Seifert, we have significantly less costs for water compared to neighboring cities, however, it is because we do not have a water treatment plant.

Stahmer, this increase prevents a much larger increase in case a study comes back and treatment costs are necessary.

Herbert, reviewed the different fees from various sources in the 2019 RAC Advertising Fee Schedule.

Herbert, then discussed the Building Permit Fee Schedule. There were no changes because we cannot make a profit off of permits.

Herbert, explained basic charges and how averages are calculated for 2019 Utility Rates Ordinance 2018-10.

Planning/Development - recommendations related to escrows:

Ziemer, looking at staff time and adjacent cities and what they are doing. Would like to set fees smartly so that the City does not have to go back to ask for more money.

Stahmer, didn't take into account that review is being taken in-house at a lower rate so the escrow could come down. Whatever money that is left over is refunded back, does not change revenues.

5. Remaining Workshop Items

Herbert, briefly overviewed the remaining items left to discuss at future workshops. Fire Station #2 Presentation and Discussion scheduled for 12/4/18 Workshop. Enterprise Fund Budgets (Utilities and Liquor) scheduled for 12/4/18 Workshop. Final recommendations for Proposed Final Levy for 12/11/18 City Council Meeting where public input is allowed and the Final Budget and Levy are set for 2019.

6. Budget Calendar Discussion

Next Workshop meeting date is 11/27/18 at 6:00 p.m.

7. Adjourn

Jakel moved, Gorecki seconded a motion to adjourn the Workshop at 6:55 p.m.

Respectfully submitted,

Paul Byun
Deputy Clerk/Communications Coordinator