

CITY OF MENDOTA HEIGHTS
DAKOTA COUNTY
STATE OF MINNESOTA

Minutes of the City Council Work Session
Held August 15, 2023

Pursuant to due call and notice thereof, a work session of the City Council, City of Mendota Heights, Minnesota was held at City Hall, 1101 Victoria Curve, Mendota Heights, Minnesota.

CALL TO ORDER

Mayor Levine called the meeting to order at 3:00pm. Councilors Lorberbaum, Mazzitello, Miller, and Paper were also present.

Others in attendance included City Administrator Cheryl Jacobson, Public Works Director Ryan Ruzek, Finance Director Kristen Schabacker, Assistant City Administrator Kelly Torkelson, Public Works Superintendent John Boland, Parks and Recreation Manager Meredith Lawrence, Natural Resource Coordinator Krista Spreiter, City Clerk Christine Lusian, Police Chief Kelly McCarthy, Dr. Tessia Melvin, David Drown Associates, and Parks and Recreation Commissioner Jo Schifsky.

COMPENSATION STUDY UPDATE

Assistant City Administrator Torkelson introduced the topic and noted that the presentation will review proposed action based on the city council's direction to follow a compensation philosophy that puts Mendota Heights at the market average. She noted that specific job titles and wages are not included in the presentation and for the council to be conscious that the city is in the process of negotiating the city's union contracts. She reminded the council that the analysis was solely focused on wages and did not include things like benefits.

Councilor Lorberbaum asked for a clarification about which positions are included in the unions. Torkelson said that the city has four unions, one for the police officers, one for police sergeants, one for public works and one for the facilities manager.

Dr. Tessia Melvin reviewed the process of the compensation study including the structure of the compensation grid and the criteria that were used to develop the benchmarks which included population, proximity and performance expectations. She shared that the initial analysis showed that the city was below the market average for base wages, top pay, and actual pay and that leadership positions specifically were low. She shared that staff reviewed the classification evaluations for all city positions which brought the city's average into a more consistent curve and set the stage to implement a proposed 5% market adjustment to the compensation grid. She noted that with this change the top rate of pay for staff was still slightly below average and that the council could consider adding an additional step in the future. She also recommended ongoing review of the market and job descriptions and to look for ways to reward employee tenure.

Mayor Levine shared that the compensation study was done very well and that it is important to see the data and thought the city should do this analysis more often than we have in the past. Dr. Melvin noted that while the adjustment has a significant price tag, the average cost to turn over a position is \$30,000.

Councilor Paper asked to clarify that with the market adjustment and the proposed 2024 COLA that residents would see an 8% increase in staff salaries. Torkelson confirmed that it would be an 8% for most employees, and that this would be in addition to the costs for reclassification.

Councilor Paper asked if there would be value in having this analysis done each year to avoid the large increase. Torkelson said that staff do review numbers each year, but after a few years there is value in bringing in an outside consultant.

City Administrator Jacobson reiterated that staff review market trends each year, but noted that the employment market is extremely volatile right now. She noted that the City of Goodhue just was in the news for having their entire police department quit over wages and that the state demographer is projecting that Minnesota will have a labor shortage through at least 2030.

Mayor Levine said that the city should be thinking about this going forward. She said that she would explain to residents the need for the adjustment. She said that we have great employees who do a high-quality job and that if that is what is expected then the city needs to pay for it.

Councilor Miller stated that it was important for the city to be making this adjustment now and to not delay it to future years.

Councilor Mazzitello wanted the city to look at the CPI and market indexes in future analysis in preparation for a potential recession and noted that the last time there was a recession we had an excess of overqualified applicants for jobs.

PROPOSED BUDGET DISCUSSION FOR FY2024

City Administrator Jacobson began by reviewing the city council's strategic priorities and providing a general overview of the 2024 budget. She noted that the proposed budget includes a 7.9% levy increase and an 11% increase in the general fund budget for 2024. Jacobson shared that inflation continues to be a factor and extended lead times for equipment delivery, specifically equipment used in public works, is resulting in increased costs. Included is a 5% increase for health benefits for staff, this is anticipatory of updated rates that the city will get in September. She concluded by stating that staff focused on incorporating the compensation study recommendations into the budget, which addresses the council's strategic goal of attracting and retaining employees and providing excellent services.

Jacobson highlighted that 2024 is an election year which means that we have increased costs to account for the three elections that will take place. Another change the council will see is an increase in costs associated with the building official. She reminded council that the city went through the RFP process for a new building official contract, and all three proposals came back with a percentage cost rather than a flat rate which is more expensive than the previous model that the city had.

Finance Director Schabacker added that there is a preliminary tax rate calculation showing the impact of the proposal on residents. These numbers include the compensation study proposal that the city council just reviewed.

Jacobson reviewed notable revenue items including public safety aid in the amount of approximately \$510,000 as a one-time revenue. She noted that the city is also looking at implementing franchise fees

next year, so estimates from those are also included in the proposed budget. Jacobson stated that there were 29 Budget Improvement Packages (BIPs) submitted this year.

City Administrator Jacobson transitioned into reviewing proposals from engineering. The first BIP proposal reviewed was the Solid Waste Abatement Plan. Public Works Director Ruzek explained that the proposal would include organized garbage collection as well as curbside organics collection.

Councilor Paper asked if the city had to look at organized garbage collection or if it can only focus the study on curbside organics. Director Ruzek asked the council for clarification of their goals because the proposal is inline with promoting sustainability and cost efficiency and if the council wanted to move to curbside organics it would impact all solid waste haulers. Councilor Mazzitello and Councilor Paper reiterated their interest in focusing on curbside organics rather than organized waste haulers.

Mayor Levine noted that the city should be preparing residents for the change in requirements from the MPCA and Dakota County. She said that Mendota Heights is willing to be a vanguard city on this and the county should be paying us to do this work rather than us spending the money on a study.

Parks and Recreation Manager Lawrence shared that the MPCA is going to require organics collection in either 2025 or 2026, at that point, all haulers will have to provide curbside organics. She noted that Dakota County did a solid waste study in 2017. They are willing to do an update to that study in their 2024 budget, but it would be for all of Dakota County and would likely not include Mendota Heights specific data. Mayor Levine said that she didn't want to spend the money on our own study but to make sure that Mendota Heights was a partner on the county's study. She also was interested in the Natural Resources Commission being involved in promoting education of organics.

Lawrence asked for clarification if the council was interested in curbside organics implementation in 2024 or just to focus on education. Mayor Levine reiterated that she wanted staff to focus on education rather than doing the study in order to prepare the public for when the requirements come into place from the county. Councilor Miller said that the focus should be on educating residents for what is coming.

Councilor Lorberbaum agreed and said that she wanted more than just articles in the newsletter, and that she was interested in the city hosting classes. City Administrator Jacobson said that the city would take direction from the county about the type and availability of educational materials and curriculum.

Director Ruzek reviewed the engineering budget and discussed how natural resources was now its own section so some of the line items which had natural resources funds in it previously look different this year.

Mayor Levine noted that there was an additional item in the requests that was not in the CIP. Public Works Superintendent Boland noted that the item, a field striper, is a new technology that has recently been introduced and was not included in the past CIP. He noted that the item will increase efficiency and reduce staff workload.

Councilor Mazzitello noted that if the city council approves these items then they will have exceeded the unassigned fund balance. Finance Director Schabacker discussed other funding sources besides the fund balance such as the equipment reserve fund. The Mayor stated that she was not interested in using a fund that we had just started funding. She noted that the equipment reserve fund has \$500,000 currently. Schabacker noted that the council could always choose to levy for the purchases.

Councilor Mazzitello recommended funding the plow truck, the compact wheel loader and the 1- ton pick up truck because they did not come out of fund balance or levy.

Councilor Paper noted that the council had discussed prioritizing how to support employees and that purchasing equipment that helps to reduce workload would save dollars in the future. He stated that he was in favor of funding Public Works requests 1-5.

Public Works Superintendent Boland requested direction from the Council on the compact wheel loader so that staff could start work on that item. Ruzek noted that if the council was in favor that staff would bring a proposal to the September 5th meeting. Levine was in favor and asked staff to have a naming contest for the snowplow.

Councilor Mazzitello said that the council could not fund everything from every department and asked about the impact of not funding the striper and the tool cat. Boland noted that the department would be able to manage without the tool cat but that the striper would have significant value.

Director Ruzek transitioned to reviewing the utilities budget. He stated that some of the biggest costs are the BIPs for the generator replacement at the main lift station and some panels that operate the lift stations. Staff are working on implementing a larger SCADA system that will help to reduce the time that staff are needing to respond to alerts.

Ruzek explained that we are not proposing a fee increase at this time however, he noted that the Surface Water Management Plan suggests that we charge more than we are currently charging. If the council was interested in doing this, we could include a rate increase when staff propose the sanitary sewer increases in the fall. Mayor Levine said that should would prefer small increases to stay in line with the plan.

Ruzek talked about how it was challenging to move items out of this fund that are natural resources related because they have a different revenue source, but included in this fund are things like curb cut raingardens. He stated that he considers everything related to surface water to also be tied to the city's natural resources strategy. Mayor Levine noted that the city needs to be more transparent on what we are spending on natural resources since we are spending a lot of resources on it, but the funds are allocated in different places. Mazzitello noted that it is difficult to mix utility fund dollars and levy funds.

Councilor Miller asked which ponds the city was planning to maintain. Director Ruzek said that staff are working on an RFP for Marie pond next year.

Councilor Lorberbaum asked about what the city does with old light poles. Public Works Superintendent Boland responded that the city recycles them and that we replace about a dozen poles a year.

Councilor Paper asked for clarification about the tree city funds. Director Ruzek clarified that these are funds that we use in the city to fund tree projects. They are a part of the resources we are required to allocate because we are a tree city, but the funds do not go to Tree City USA.

Mayor Levine asked if the city was planning to have another intern. Parks and Recreation Manager Lawrence said that the city was planning to have an intern in the future. Levine reiterated that she thought that internships were very important and that she would like to see a natural resources intern. Director Ruzek noted that we were looking into getting a Green Corps member, but the struggle is that we do not

have space to house an intern. Councilor Mazzitello asked if there was work for an intern to do. Natural Resources Coordinator Spreiter said that there absolutely was enough work.

Parks and Recreation Manager Lawrence introduced a BIP request for a Parks Master Plan. She explained that this document would show a strategic vision for the parks department and that it was currently a gap in the city's strategy for parks management. She noted that the Parks Master Plan was the number one recommended priority from the Parks and Recreation Commission.

Councilor Mazzitello said that the city should absolutely fund this project. Parks are a part of the city's infrastructure and we have plans for all of our other infrastructure.

Mayor Levine noted that the city already had several plans and information about the parks and that residents are not interested in changing our parks. She said that she was more interested in putting the money towards actual improvements rather than towards another plan.

Lawrence shared that other cities that have a parks master plan are at an advantage for getting grant dollars. Councilor Miller noted that we have some underutilized park space currently and that a plan like this would help us to use our facilities in the best way possible.

Mayor Levine invited Parks and Recreation Commissioner Jo Schifsky to share about what the parks commission thought about the proposal as it was their top priority. Schifsky shared that the commission wanted this in order to better understand the potential of projects rather than just replacing what we already have. There are requests for things like new pickleball courts and while we are doing our best to try and figure out where to put these amenities, a master plan would be an incredible resource to ensure that we were hearing feedback from the entire community rather than just a small interest group that was highly vocal.

Levine said that while we do not necessarily have the nicest facilities, we do have facilities that are available and useful to local residents rather than attracting people from all over.

Councilor Miller reiterated that we have underutilized spaces and that the city should leverage the knowledge and research of experts to best set us up to make good decisions and to think outside of the box.

Lawrence presented a request to put fiber and cameras at Mendakota Park. This would allow staff to install key FOB access at facilities, reducing the need of staff to open and close bathrooms and reduce potential vandalism.

Councilor Paper said that it was a lot of money to invest in technology that might be outdated in a few years.

Councilor Mazzitello added that we would be able to remotely manage the irrigation system through this as well.

Councilor Paper was interested in cheaper options such as Z wave technology that works on cell coverage. Mazzitello said that we need to prioritize cell coverage before investing in more technology that depends on it.

Councilor Miller said that he was in favor of the item from a safety perspective, especially if we could use the special parks fund.

Lawrence shared a proposal for Marie Park Infield resurfacing. The Council agreed to fund maintenance of existing facilities.

Lawrence shared a request to fund the Ivy Hills swing set replacement. She noted that this project was pushed off in past years because there was not funding, but that it represents a safety concern at this point. There is not funding to redo the entire playground at this time and that there is limited scope for what can be done to the site without triggering required improvements. Councilor Paper asked about less expensive ways to refurbish the swings. Staff said that they would review to see what testing could be done. Council said that if it was determined to be a safety concern that the item should be brought back.

Lawrence shared a request for a replacement of the fence at Kensington Park that is showing distress and rust. Councilor Paper asked if the high fence was necessary. Staff noted that the concern was that it was rusting, but that it is not yet failing. Councilor Paper said that he did not want to replace an item until it was failing.

Lawrence shared a request for Maire Park Hockey Rink Acrylic Surfacing. She clarified that this was not a repaving of the rink, instead this would be a crack filing and then applying an acrylic coating similar to Friendly Hills. Councilor Mazzitello asked about the lifespan of the project. Staff said that it is rated for 10 years, however, ours will have additional wear and tear from the rink flooding.

Mayor Levine adjourned the work session at 6:32pm.

ATTEST:



Christine Lusian, City Clerk



Stephanie B. Levine, Mayor