Cottage Grove
Where Pride and Prosperity Meet

COTTAGE GROVE CITY COUNCIL **July 31, 2024**
12800 RAVINE PARKWAY SOUTH
COTTAGE GROVE, MN 55016
SPECIAL MEETING - TRAINING ROOM - 5:30 P.M

1. CALL TO ORDER

Mayor Pro Tem Justin Olsen called the July 31, 2024, City Council Special Meeting to order, we're here in the Training Room at City Hall for our 2025 Budget Workshop.

2. ROLL CALL

City Clerk Tammy Anderson called the Roll: Council Member Khambata-Present; Council Member Thiede-Here; Council Member Garza-Here; Mayor Pro Tem Olsen-Here; Mayor Bailey-Not Present.

3. AGENDA

A. 2025 BUDGET WORKSHOP
Staff Recommendation: Provide staff with feedback and direction regarding the 2025 Budget and Property Tax Levy.

Mayor Pro Tem Olsen said we're here for our budget workshop, we had a budget workshop last week where we covered Parks and Recreation and Public Works, so I'm assuming this week will be Public Safety and General Government, is that right?

Administrator Levitt replied that is correct. I will give a quick summary of where we're going this evening so you can be prepared. Brenda will talk a little bit about the Fund Balance Policy, Closed Debt; there are some spreadsheets in front of you, and she's going to spend some time going through those and showing you where the cash reserves are. We'll talk about General Government and Public Safety. Tonight, will probably not be the night where you can give us a lot of direction, but you can start to initiate direction, ideas, suggestions because next week we'll be talking about the CIP. That's really where your debt issuance discussion is going to happen, and that's one way that you can obviously balance the budget is through your debt on those large capital projects. So, that will be next week when we'll talk about that. What I'm anticipating is we will need to meet on August 28; that will give us the time to look through that debt conversation on the CIP, we can see where the County numbers are, and then we can follow up with any direction or suggestions that you may give us tonight. We'll be prepared to respond back to you on August 28. Unfortunately, mark your calendars for that date; hopefully, it will be a short meeting. With that, I'll turn it over to Brenda to talk about the dollars and cents.

Closed Debt Fund

Brenda said last week I had discussed our Fund Balance Policy in relation to our Closed Debt Fund that we were getting reserves from and cash into our Closed Debt Fund because of our Fund Balance Policy. I just wanted to review that a little bit more. So, our Fund Balance Policy says that at the end of the year, we just have 45%-to-55% of our next year's budget; after that, any funds that are available get allocated out per our Fund Balance Policy: 30% of those dollars go to our Closed Debt Fund; 25% go to our Equipment Replacement Fund (that is the fund, as you know, that funds not only our police squads, our fire equipment, our snow equipment, our streets equipment, all those different types of equipment); Building Replacement gets 15%; future Pavement Management gets 10%. Then, with the revisions that we did a couple years ago, 5% goes to one of our Internal Service Funds to help to recover those funds.
So, here's the history since 2015: As you can see, we have highs and we have lows at the end of the year with those reserves. In 2020, we had a high, so we transferred out $1.1M, but then here in 2022, we were unable to transfer anything out. In 2018, it was $220K, in 2023, we were at $30K, and so there's just that history that I wanted to just let you know. When those funds get transferred, it helps us in future budgets with Closed Debt or Equipment Replacement, as we look to fund those different things; whether it's our Debt Levy or funding our equipment, those transfers are helpful when we have those surpluses in our General Fund.

Mayor Pro Tem Olsen said so, for the budget that's projected for 2025 at the minute, if I remember from last week, we're hovering around that 50% in reserves, is that right? Brenda replied that is correct.

Mayor Pro Tem Olsen said so the range is 45%-to-55% and we're in the middle at this point, based on sort of what we're projecting.

Brenda replied yes. In our old Fund Balance Policy, we always targeted that 55%; so, as we looked at the FMP, we said let's do a range so that we can have flexibility so we're not needing to have that high 55%.

Mayor Pro Tem Olsen said and I know Ehlers mentioned at that time, at least it was their opinion, that as long as we maintained that 45%-to-55% range, that would have no disparate impact on our funds or anything like that.

Brenda replied correct. The bond rating agency, S & P Global that we go through, they wanted to know that we had a Fund Balance Policy, and they're okay with a range, and the State Auditor is okay with us to have a range, too. The reason that we have that range, that we're not at 25%, is remember we don't get our first copy tax settlement until July. So, we are halfway through the year before we get that first copy tax settlement. So, of course we're going to need reserves in that General Fund to pay our bills for the first half of the year.

Mayor Pro Tem Olsen said it looks like Mayor Bailey is back, so I will relinquish my Mayor Pro Tem role this evening.

Brenda said in front of you and up on the screen, I went back to do a history of our Closed Debt Fund since 2015, just to remind myself what we've done in that fund throughout the years. In the revenue section, there's a Transfer In to the General Fund, and so that's showing that Transfer In that we were just discussing on the slide before; because sometimes we have monies left in our General Fund at the end of the year, and we send a portion over to Closed Debt. When we have a cash balance in the fund, we're able to report some investment interest up in the top, in the Revenue. In the Expenditures, in the last year of our bond payment, sometimes we take it off of our levy and we pay for it out of our Closed Debt Fund; so, we have some closeouts that happened in the last several years. 2018 was a big one of $1.2M, it closed out some bonds, and I went back and looked and the reason that we did that was to issue debt for our Central Fire Station. So, we were bringing debt back on and wanted to have some debt fall off to mitigate that impact and so that was done. In 2017, we also forgave a portion of the Public Safety City Hall. In 2023 and 2024, is where we're starting to use the Closed Debt Fund each year and do some debt reductions. So, for the 2024 budget, we used $100K out of Closed Debt to reduce our impact on our property tax levy. We started at about $3.8M in 2015, and we built it, used it, built it back up, and so we're currently at about $2.2M.

Council Member Olsen asked in 2021, the reduction, remind me, Jennifer, was that for some equipment? Didn't we do something for equipment that time? We had a decrease in the fund balance of $460K, or was that COVID related? Brenda said I can go back and look at that.

Council Member Olsen said it's not super important, I'm just recollecting; somebody said ladder truck, maybe it was the ladder truck, I can't recall.

Brenda said yeah, the last year of that debt levy for the 2012A Bonds, there was a decision to not levy that final year and pay it with Closed Debt funds. I would assume that was to reduce the property tax impact.

Brenda said in the future, these are things that staff explored as part of the preparation of the FMP to mitigate those debt service impacts, and so this is what we've identified: 2025: We're using $199K-$200K, and then $350K for next year, but that $2.2M does go down to $170K in 2034, but what is not in there are transfers in for the General Fund. We're being conservative in that approach. So, in the future, for example in 2028, we know that if we put transfers in from the General Fund, that's $150K per year for the last 2 years, that gives us some flexibility in the future to use this Closed Debt Fund.

Brenda asked does anyone have any questions about the Closed Debt Fund?

Council Member Olsen said I was looking at the last 10 years and trying to do some quick math in my head with respect to the average transfer in for that fund, and it looks like $1.5M, ballpark, in 10 years. So, that average is not bad, it's okay. But that's all based on projections and whether we are able to come in under budget and all those kinds of things. Brenda said correct. Council Member Olsen said good information, though, it's helpful.

Brenda said I'll turn it over to General Government.

General Government

Administrator Levitt said General Government includes all the different services areas that you see listed below. So, when we look at them broke down, this is all of them at a glance that come under General Government: Mayor and Council, Administration, Professional Services, City Clerk and Elections, Finance, Community and Employee Programs, EDA, now an HRA Levy, and the CVB. So, that's what we're going to step through in each one of these different divisions under Administration.

Mayor & Council

2024 Accomplishments:

- Diversified Cottage Grove's Housing Stock: You know that we were very much in a one kind of housing stock mold; we didn't have a lot of options for our residents to either age in place here or for young families and young professionals to start their house investments here, and so, we've really diversified.
- Acquired Park Land along the Mississippi River: Great news is also Dave Gustafson closed with the DNR on the 32 acres above the tracks and 12.3 acres below the tracks; so, all of that got expanded with the SNA, which is now all married into our property that we acquired. So, it's really a successful project that we have for open space.
- Completed the Glacial Valley Park development.

2025 Goals:

- Develop the Shoppes at Cottage View, working with that developer.
- Maintaining that AAA Bond Rating, as we know that's a high priority for us.
- Secure funding to build 100th Street from Highway 61 to Jamaica Avenue.
- Be an employer of choice.
- Implement results of the Small Area Study for the Langdon and 3M land.

Budget Impacts:

- Salaries: Based upon City Ordinance, you will be receiving a 3% increase in 2025 and 2026.
- LMC Training and Conferences.
- Strategic Planning.
- LMC and Metro Cities Dues.

General Government

2024 Accomplishments:

- Finalize and implement brand guidelines to maintain consistency in City communications. across the organization with our brand.
- Completed numerous employee retention interviews.
- Supporting our local businesses by issuing or renewing 137 licenses.
- Partnered with Washington County to facilitate the 2024 Primary and General Elections.

2025 Goals:

- Maintain the Strategic Plan and assist departments as needed to achieve their objectives.
- Increase our DEI efforts throughout the organization and community.
- Implement regulations for CBD products, including licensing and zoning requirements.
- Improve our licensing accessibility, allow residents to submit applications online.

Budget Impacts:

- Communications Manager position

- Total FTEs 6.5: City Administrator, HR Manager, Communications Manager, Assistant to City Administrator, Payroll Specialist, Marketing & Communications Specialist, Administration Specialist (.5) We have a Social Media Specialist and the Graphic Design Marketing Communications position; so, that shows up as utilization of that position. And you can see the fund is better utilized here to support the salaries of primarily those individuals and then half of the Administration Specialist.

Professional Services

This is mostly, I will say, Legal Services - Civil and Personnel. Criminal falls under Public Safety in regard to how criminal legal bills are handled because those are handled slightly differently.
Budget Impact: The Washington County Assessing Contract, for our community assessments; that's $243K for 2024.

City Clerk/Elections

This is primarily just one position, which is our City Clerk.
Budget Impacts:

- Washington County JPA: That's the contract that we have with Washington County now for voting services. So, you can see that's the biggest increase here, it really jumped on the contractual side, and that's because we are contracted with Washington County for our election services. Council Member Garza, we used to do this inhouse, so we hired all the election judges, the head election judges, we did everything; so, before, you would have seen a higher percent of costs on the personnel side, and now it's just shifted down to contractual services. Tammy is grateful that we handed over the election services to Washington County because it can be a beast to manage. So, it's been a good thing for us.
- Professional Service Contracts
  - Legal
  -Transcription
- Publication Fees
- Travel, Training, and Memberships
  Year 3 - MMCI Training

Community & Employee Programs

I think this is probably one of the best funds that really encapsulates our being an employer of choice is what we're doing in this fund and how it also values and benefits the community as a whole. I'm slightly biased, so I will explain that upfront. There is a Budget Add for $30K for a community survey; so, as part of your Strategic Initiative, you talked about engaging with the community. Well, one way is we really need to better understand in the community their wishes and desires. So, we have that Budget Add; it's been a long time since we've done a professional one, and it's hard because if we don't do one consistently, we don't have the statistical data to be able to know how our level of service is increasing if we don't have any real benchmarks. So, I would encourage you if we want to move forward with that, there is a Budget Add in there for that.

Council Member Garza asked when the last survey was, do you have any idea?

Administrator Levitt replied we tried an informal one inhouse, which was very, very complex and more time consuming than we ever imagined, and that was when Scott Seroka was here. Council Member Olsen said it was either 2019 or 2020. Administrator Levitt said yes, and now there's a more formal one. So, we had staff tabulating everything, both online and mailed responses, and tabulated all of the data in the responses.

Mayor Bailey said we spent more money doing it internally than hiring somebody externally; the goal of the Council at that time was they wanted to save money, and there's more to it than that. Council Member Khambata stated if you tabulated inhouse man hours on this, it's like in the hundreds. Administrator Levitt said and we were even using light duty, intern people to do this input, and there was still a lot of hours. Council Member Olsen said you're better off letting the professionals who know how to do it and have a good system in place take care of it.

Administrator Levitt replied if you go with POCO, for example, then you can compare your data against other cities in the metro and across the State, then your data means something. You have a comparable factor to be able to measure it against. So, there is an important component in that.

Volunteer Banquet, our Employee Appreciation picnic, our Photo Contest, our Employee Milestone anniversary luncheons, and service awards that we added. It would also include things related to Police and Fire Departments' award programs, our Hometown Holiday Celebration, and our Wellness Program. So, all of those are housed out of this fund for those different community activities.

Budget Impacts:

- $30K Budget Addition for a community survey.
- Communication uses includes *Cottage Grove Reports* publication and mailing, various communications programs/subscriptions, training and memberships.
- Events including: Our Volunteer Banquet, our Employee Appreciation picnic, our Photo Contest, our Employee Milestone anniversary luncheons, and service awards that we added. Also things related to Police and Fire Departments' Award Programs, our Hometown Holiday Celebration, and our Wellness Program

Convention and Visitors Bureau

2024 Accomplishments:

- Successfully host the 2nd Annual Cottage Grove Food Truck Festival; it will be bigger and better than last year with more food trucks, great music headliners, and obviously, the Dowdle Art unveil. So, it's going to be big.
- Complete the CVB Strategic Plan with Chandlerthinks. Instead of just trying to hit a wall, we're actually putting targets on the wall, and we're able to really fine tune what we're doing to promote our *Discover Cottage Grove* brand out there.

2025 Goals:

- Continue to market the City of Cottage Grove as a tourist destination.
- Complete our fourth Visitors Guide for distribution.
- Implement the Strategic Plan initiatives.

<u>Budget Impacts</u>:

- Personnel Services

-As part of COVID, the City got ARPA Funds. 2024 Budget used 75% of 1 FTE salary. ARPA Funds are spent as of 12-31-2024.
-2025 & 2026 Budget covers 10% of 2 FTEs with General Levy funds. So, we redistributed some of the allocations for staffing, so now we have 2 FTEs covered by EDA in that fund.

Council Member Thiede asked with the CVB, a lot of counties and cities have them, how are we measuring the success of that?

Administrator Levitt replied well, that will be some of the metrics that we'll be working with Chandlerthinks; we've been giving them a lot of data, and that was a part of our Strategic Initiative, to get those benchmarks. Is it the amount of hits on our website, is it the number of visits to our hotels, the amount of revenue, those sort of development metrics. It's like using a rifle; we're going to be homed in on those targets vs. not having any direction of where we want to go with it. So, we need to be more strategic with our dollars and our time.

Council Member Thiede stated so we'll start subtracting more money from the General Fund in terms of showing justification(s).

Administrator Levitt stated most of the funds that are funded into this are coming from the EDA; so, that's where they're kind of offering these for Chandlerthinks and some of the other studies.

Council Member Khambata asked with the revenues, are those still mostly coming from the hotels; Council Member Olsen replied that's correct, yes. Administrator Levitt stated it's from the Lodging Tax. The other thing is we've been able to receive a lot of grants as well, and that's been able to give us some additional revenue.

Council Member Khambata stated because when we initiated that Lodging Tax, we didn't really know necessarily what to budget for in terms of revenue.

Administrator Levitt stated you'll notice it was right when we were at the end of COVID and coming out, and so hotel and hospitality businesses were suffering. So, it's taken us a long time to stabilize the revenue in that fund.

Council Member Olsen stated staff did a really good job of kind of mapping out the projected budget and then providing us with regular updates on how we're trending. The good news is this year we're trending positively vs. the budget projection. I'm sure that that will continue, and hopefully in the next couple years we'll have another hotel in town. We need to be able to support the number of people that are coming to town with lodging facilities because a lot of them come here but they can't stay here, and that's just a capacity issue. So, we need to fix that for sure. But there's still a lot of people in the community who don't know what this is, they really don't. I had my first Lions Board Meeting last night, and we talked at length about events of the Visitors Bureau, the Food Truck Festival, all those kinds of things; and there are several members of the club who've lived in this community for a really long time who aren't certain what any of this is. So, at some point, we're going to need to have that engagement plan, we're going to have to figure out how to communicate more effectively externally to let people know this is who we are and this is what we're doing.

Economic Development

2024 Accomplishments:

- Dowdle Art Unveiling Event, as we plan for that on the 14th.

- We're completing Phase 1 of the ESA for the Majestic Ballroom and the surrounding EDA-owned properties.
- Completed revamp of our BR&E program, in strong partnerships with Grow Minnesota! and the Cottage Grove Chamber; they've been able to refine the survey questions. An incentivizing gift of a happy hour event at River Oaks is offered to encourage businesses to participate in this survey. We hope to get good feedback on what businesses need to both grow and expand here and ultimately locate here if they're not already here in Cottage Grove.
- Assisted with TIF for the Rohrs' multifamily complex.

2025 Goals:

- Implement land development initiatives from that Small Area Study.
- Phase 2 of the ESA Majestic Ballroom and EDA-owned land, if needed.
- Brownfield Grant Application - Majestic Ballroom.
- Continue review of development options related to the Shoppes at Cottage View, 80th Street redevelopment, and 70th Street mixed-use commercial development.
- We'll also be able to talk more about the Maxwell Housing Study, as well as that Strategic Plan; that project should be completed this Fall.

I think we're going to be positioned well for the next phase of development and redevelopment in Cottage Grove.

Council Member Thiede asked so, what is the Brownfield Grant again?

Economic Development Director Gretchen Larson replied we've done Phase 1 on the Majestic site, there may be a Phase 2 ESA, but then the remediation of it is the tearing down of the building and the capping of the wells and septic; that will be a Brownfield Grant, and that is a 75%-25% match. So, we budgeted for that 25%, and we're hoping to accomplish that in 2025.

Administrator Levitt said the landowner previously hadn't been willing to work with us, but they've gotten more of a cooperative spirit. So, we'd really like to see that building demoed and then take care of some of these minor environmental issues to be able to make it easier for development and redevelopment.

Council Member Thiede stated okay, so it will kind of be on how we time that with the market. Administrator Levitt stated correct. Mayor Bailey stated it will be pretty good timing; Council Member Olsen stated yes, I think that's their goal.

Budget Impacts:

- Staff salaries total 1.8 FTE; that's for the Economic Development Director, .50, Admin Specialist .50, and Marketing & Communications Specialist, .80.
- 2025 Budget is lower than 2024:
  -We budgeted for the Façade Improvement Program; unfortunately, we really didn't have anybody interested this year. So, even though we have money available for 2 or 3 projects, we didn't even get any this year; so, those amounts will just carry over.
- Special projects funded by EDA Budget: ICSC-Las Vegas, Business Over Breakfast, Business Round Tables, Chamber Events that we help with to showcase and support our businesses, the Holiday Breakfast, the EDA Holiday

Mixer. A reminder for the special event in 2025, a River Boat cruise; it's our way of saying thanks to those businesses that have invested. And those that are looking at Cottage Grove, we invite them on the boat tour as well to let them hear from the existing investors in our community how great Cottage Grove is. It's a great way to say thank you and make connections with all the businesses as well. So, you do see that we don't always have the revenues coming in.

Council Member Thiede asked when is that scheduled for? Administrator Levitt replied September 2025; we do it every other year.

HRA

Budget Impact: New 2025 HRA Levy and that's for transparency, as we've talked about; no budget impact as $137,500 is split equally between EDA and HRA.

Administrator Levitt said she'd turn it over to Brenda to talk about Finance.

Finance

2024 Accomplishments:

- Completed the first-year budget process with the use of the FMP.
- Identified and began implementation of our new utility billing software with Tyler Technology, the company that we have our Finance software with; we'll have less journal entries and less interfacing between the 2 systems, and we're excited about that.
- Successful transition to our new Audit Firm, Redpath. I'm very happy with the service that we are getting. 2025 Goals:
- Complete implementation of new utility billing software by end of February 2025.
- Identify ways to implement a more robust AP system to further strengthen internal controls.
- Continue to monitor and evaluate our internal controls, as that is ever changing.

Budget Impacts:

- Personnel is 88**%** of our budget; that is just based on the contracts.
- Audit for 2025 is $52,450, based on the 3-year contract with Redpath.
  -That is allocated to Finance and our Utility Funds.

Information Technology

2024 Accomplishments, per Brian Bluhm:

- Continued improvement of the City's cybersecurity posture; some of it includes partnering with MNIT (Minnesota State IT). This year alone that will save us $15K by switching to a different service, by using them.
- Continual enhancement of our online services to improve resident communication and service; as Jennifer had mentioned, business licensing and a few other things we'll be implementing here shortly to make things more efficient for businesses and residents to be able to apply. That will make things easier on Tammy, to be able to take care of those licenses.
- Enhanced security posture and rebuild of SCADA (water) network includes more visibility, IAM and asset control. We have revamped the entire network on that so far in preparation for the new Low Zone plants and the potential High Zone plants that are coming in. Those are completely separate networks from the City network, so that we can put separate security at all of those sites.

Council Member Olsen asked Brian on the SCADA system, that's an upgraded, updated system from what we previously had where we had our issue, right? Brian replied correct. It will be completely updated when the Low Zone comes online.

- So far, as of 7-16-2024, we've responded to over 1,098 Help Desk tickets; those are fix-it tickets, could be infrastructure tickets, things like that, which makes IT up in the 2,000 range by the end of the year. So, having an extra fulltime staff person starting this year helps us with that, too, so thank you.

2025 Goals:

- Strengthen Cybersecurity: Enhance policies and monitoring with advanced AI-driven threat detection to protect against evolving cyber threats; that's coming from our third-party company that we partnered with.
- Advance Cloud Security: Implement advanced identity and protection controls to enhance our zero-trust architecture and secure cloud resources.
- Improve Customer Experience: Enhance in-person and online services to boost satisfaction and engagement through targeted innovations; trying to remove some of the paper.

Budget Impacts:

- We are an Internal Service Fund, so Personnel is obviously the biggest chunk in there. Commodities are things like your laptops, computers, and everything like that. Our Contractual Agreements, a big chunk of that is our software things that we have, whether it be Microsoft 365 or it also may include our payments towards the Bodycam software, things like that.
- In 2025, to maintain optimal system performance and business continuity, a $249,600 investment in data center and disaster recovery hardware upgrades and replacements is essential. So, that's a big ask for next year. Cost recovery is over 2.5 years, and Brenda can explain how that all works out.
- In 2025 and 2026, escalating contractual commitments, particularly in software licensing, driven by organizational growth and associated increases in personnel, equipment, and operating costs.

The percentage breakdown for our General Software in the Cost Center:

- 68%-IT: Our cybersecurity software, the 365, and so forth that basically helps us operate the entire City.
- 10%-Finance and Utility Billing: All the software that we use.
- 11%-Administration: Our onboarding, government jobs, and things like that.
- 11%-GIS: Our GIS environment that we host the servers on.

Specialty Software Allocation, percentage by department:

- Public Safety, 74% (62%-Police; 6%-Fire; EMS-6%)
- Inspections/Community Development, 11%
- Golf, 4%
- Fleet, 3%
- Public Works, 2%; Recreation 2%; Ice Arena 2%; HERO Center, 2%=8%

Much of this relates back to what could be training software, it could be services that we use outside; e.g., the HERO Center, that's their scheduling system and POS is what they use at the range and to fill classes in time, etc., that's our annual fee that we pay on that, and Ice Arena is the same thing. Police include bodycams, S.W.A.T. cam services, things of that nature. It also includes the payment that we make to Washington County every year for Dispatch services.

Brian asked if there were any questions on this:

Council Member Garza asked what is Community Development?

Brian replied Community Development would be our permitting and licensing system. Along with our Building Inspection, building review; so, software that will be used to do the plan reviews.

Council Member Olsen asked Brenda to remind him, but when we have an end-of-year gift, as it were, from SWCTC, it goes into this fund, right? Brenda replied it does.

Council Member Olsen said so if the Cable Commission has extra funds that they haven't used, there's a distribution formula between the number of cities, and we get a chunk of that.

Brenda replied correct, and we've just been doing that for the last 3-or-4 years, it's been falling into different funds, but yes, we've been putting it into the IT Fund.

Mayor Bailey said so the $249K+ for that added security, what you're planning to do next year, that's in the budget already, correct? Brian replied yes. Mayor Bailey said I didn't see it on the Budget Add list, so I assumed it was in, but I just wanted to confirm.

Brian said Brenda will explain how the revenue and expenses break out here.

Brenda stated so for 2025, our expenses are higher than our revenue, and it has to do with that Capital Outlay that Brian was talking about on that data recovery center. At the end of 2020, the fund had a negative balance of $399K; we increased it, and so at the end of 2023, we were at just $38K negative. So, we just are being mindful of our cost allocations and allocating out our entire costs to our other funds. We've been able to build that up with our donations that we get from the Cable Commission, that has helped the fund balance, too. But just so you know, because we have that large Capital Outlay in 2025, we are going to go down to negative $197K, but then we'll grow the fund back up; in 2025, we'll be back positive at $158K, then in 2027, $933K. What isn't in this number is the 5-to-10-Year Capital Outlay Plan for IT Services, and so we will include that plan for you as we adopt the budget this Fall, as we'll know what that right fund size is. Just with all of our Internal Service Funds, when we did the FMP, we realized that we had been utilizing the cash in those funds for a little while, and we needed to build them back up. As we do our allocations each year, it's based on a 5% increase. We allocate more with our insurance funds, but with the future IT Fund, we're increasing that allocation at least 5% per year, based on this.

Self-Insurance Funds

2024 Accomplishments:

- Completed appraisal of all City buildings to ensure that our coverage on all of our facilities and our amenities were accurately covered for our insurance.
- We were able to put the HERO Center on its own insurance policy.

- Completed our own mock OSHA Inspections, which obviously is very valuable to us, to be proactive in our safety practices.

2025 Goals:

- Continue mock OSHA inspections for safer workplaces.
- Identify deficiencies and apply for some additional Minnesota OSHA grants.
- Reduce preventable accidents and/or injuries as that is a huge part of our budget related to Workers' Comp.

Budget Impacts:

- Negotiated lower dental insurance rates for 2025.
- Apply for Minnesota OSHA grants to reduce cost burden on taxpayers.
- $15K Medica grant for wellness activities.

Administrator Levitt asked Brenda if she wanted to talk about any other self-insurance activities.

Brenda replied in 2025 and 2026, that revenue projection is going up, and that's intentional. We're starting to recover the costs; as you can see in 2022 and 2023, our expenses were higher than our revenues, so what we charged out to our funds, and so we're right sizing our fund. At the end of 2023, the fund was down to $184K, and by the end of 2028, we'll have that back up to $2.2M, so we'll be in line with what we were back in 2017 in that Self-Insurance Fund.

Administrator Levitt said once again, I think it's important when you look at the cash and the impact of having nearly $2M to only having $184K, it's absolutely critical that we buffer ourselves and our Self-Insurance Fund, so we'll be intentional about building that back up.

Public Safety

Administrator Levitt told Director Koerner all right, Pete, it's your show. We're all wondering about the fire tonight and if there are any updates.

Pete replied yes, Ryan is talking to KARE11 right now, as we speak. Mayor Bailey asked was that a lightning strike? Pete replied yes, it was. Mayor Bailey said I think I saw it. Pete said they had flames in their attic, and they added some water flow in there, they got the fire out, but there's water damage.

Pete said obviously we joke about Public Safety having the largest budget percentage; Administrator Levitt stated we joke because it's reality. Pete said I acknowledge we're expensive, and as we get into these slides, I'll go over what you get for the value. Just in the interest of time on these slides, we just list the highlights of service areas. But when you get to your budget narrative, we do a lot, it's more than just police officers; obviously, we have the support services. We're really engaged with our community affairs, community engagement. Fire does a lot of community risk reduction and that's essential with our Project Safe Haven. So, we have a lot going on, and we put a lot of effort into the 2 Strategic Plans, both Police and Fire. You've seen both, so I don't have to get into a lot of detail on those, but to copy what Zac said in his intro, we really appreciate the Council's support for Public Safety and it's citywide, really. I may be the one talking right now, but the experts are sitting behind you. I need to give a shout out to Nick and Jon, as they both went to the fire call tonight, too. We started this budget process a lot earlier this year, and Aly did a lot of this budget work; she's out now, so our staff had to pick up pieces of it, too.

He said the amount of services that Cottage Grove Public Safety provides is amazing, it really is remarkable. The numbers seem high, too, but we run very lean; we do a lot more for the level of service that we provide, with Police, Fire, EMS, Emergency Management, and Animal Control. So, we're proud of those numbers.

<u>One-Time Public Safety Aid</u>: On the left of the slide, you'll see the original plan for that money, but it has been revised, as shown on the right, after the July 10 workshop. With the Fire Department staffing, we're trying a lot of things, so we already posted this week to send our parttime firefighter-EMT to get him into medic school. It kind of coincides with next week when we're going to be doing some interviews for some fulltime staff; so, it's kind of a parallel hiring process. On August 5, we have 3 firefighter-paramedics starting, and they all come with a lot of experience, especially in the EMS world. Also on there are the Fire-Standards of Coverage Study that we're adding with Station 4, we also discussed that at the workshop.

Emergency Management

Emergency Management is not exciting, but I have to say that this is one area that Public Safety in the last 5-6 years has really excelled; previously, it was when we worried a little bit about an outdoor warning siren or something like that.

2024 Accomplishments-Highlights:

- Planned and hosted a multi-disciplinary train derailment tabletop exercise with 110 participants; it was held at the HERO Center, with many neighboring agencies participating in it and helping us out.
- Installed new outdoor warning siren to cover gap in residential area of Jamaica Avenue/Military Road; that's located at McHattie Farms.
- Upgraded technology in the Command Vehicle and acquired new cameras.
- Participated in the REP Drill.
- Gwen has reviewed and updated the City All-Hazard Plan; that will be on the Council agenda, probably in October.

2025 Goals:

- Organize a Community Emergency Response Team.
- Plan for new outdoor warning sirens in identified gaps in coverage areas.
- Provide ICS-300 training for City supervisory personnel.
- Validate policies, plans, and procedures through exercises and real-life events.

Budget Impacts:

- Addition of outdoor warning sirens to fill gaps in coverage areas. 2026 Ravine Park: Share cost with Washington County.
- Research Enhanced Community Notification System: We keep talking about Code Red, but our Law Enforcement Improvement Team (LEIT) has been talking with Washington County about if Code Red is our future, as there are some other companies out there. May have future budget impacts in 2026 or 2027.
- Research grant funding for dedicated technology to stand up and operate an Emergency Operations Center (EOC).

- Ensure ongoing maintenance of systems and equipment, like the various camera systems, etc., as there are costs that go along with that.

Police

2024 Accomplishments:

- Adopted the Five-Year Strategic Plan; that was a heavy lift, but Brad just ran with that, and every level ended up being involved in that, so we had great employee input. We're proud of that.
- Structural Reorganization and creation of the Community Impact Team; the Community Impact Team has lessened some of the stress or overwork of the investigative sergeant. I hope you see the work we're doing with community engagement. I never thought in my career I'd see that much change at once, but everyone's handled it well. I'm proud of that.
- Wellness, Safety, & Recruiting-Retention Committee (Positive Impact Team): They're coming up with a lot of great ideas. We've really kind of given some more direction, both in Police and Fire.
- Explore and implement the Assigned Squad Program: The policy has finally been drafted, it will be going to Jennifer tomorrow.
- Implemented a Peer Support Group; that was part of 2023 and 2024, so I think it's going to be very well received.

2025 Goals:

- Recruiting/Retention of police officers (C.S.O./Police Cadet Program). We really put an emphasis on that; we've been really good with our C.S.O.s, I think about 50% of us came from the C.S.O. ranks. The others were Reserves or lateral police officers.
- Maintain a Wellness Committee and comprehensive wellness program. We've put in for a Federal grant for that, so we're optimistic about that.
- Therapy K9 Program: We have some different groups on board, Soldier's 6 and the Public Safety Board, I don't know to what level, but it'll pretty much end up being cost neutral; we continue to work on that.
- Utilize grant funding to support traffic enforcement and safety initiatives. At the end of the year when you hear the numbers from our patrol officers, they've really stepped up their game; I think this year we already have more DUI arrests than last year or they're close to it.

<u>Budget Impacts</u>:

- One police officer starting July 1 to meet the growing demands for service.
- Start the Assigned Squad program.
- Develop and maintain retention programs and incentives.
- Recruitment and retention of police officers, emphasizing additional C.S.O. hours (2026 Budget) and diverse candidates.
- Upgrade control devices (i.e., the new Taser models).

Animal Control

2024 Accomplishments:

- Maintained contractual services with the Animal Humane Society.

- Identify second impound facility if needed; Stewart Kennels really stepped-up last year when there was a dog flu or illness going around last year, so, we have an agreement now if something were to happen again.
- Utilize an animal microchip scanner.
- Use of social media to decrease animal transports.

2025 Goals:
- Update kennels in the police garage; we're working with the Public Safety Board on that.
- Continue to improve communications with reuniting lost pets.
- Continue process of Administrative Hearings for Dangerous Dogs and Potentially Dangerous Dogs and appeals. We've really streamlined that process.

Budget Impacts:
- Contractual services with the Animal Humane Society.
- C.S.O. hours and wage increases (increased hours in 2026 Budget).
- Upgrade Personal Protective Equipment (PPE): Catch poles, gloves, things to avoid bites, etc.

Fire Department

2024 Accomplishments:
- Adopted a Five-Year Strategic Plan.
- Life Safety Inspections.
- Added 3 fulltime Firefighter-Paramedics and introduced staffing plan.
- Project Safe Haven: Fire Chief Pritchard applied for and received a $130,550 grant; it's been very successful and is a great program.
- Implemented East Metro Fire Training Facility partnership to do quarterly live fire training.
- Implemented a Peer Support Group and neck up checks; Deputy Chief Arrigoni is already scheduling those.

2025 Goals:
- Add a second Deputy Chief position.
- Recruiting/Retention of firefighter/paramedics.
- Accelerated recruitment program; hire firefighter-EMTs and send them to paramedic school.
- Standards of Coverage Plan that includes Fire Station #4.
- Update our Fleet Replacement Schedule.
- SCBAs Replacement Plan or grant opportunities; we got a Federal grant 10, 11 years ago, and it's now become much more competitive and much more complicated.

2025 Budget Impacts:
- Deputy Fire Chief position.
- Specialized Responses (Water Rescue). With all the flooding, we're optimistic there are going to be some good Federal grants; we need something that's accessible to the river, but we also need Water Rescue just for the holding ponds and different things in Cottage Grove. I'm very optimistic that some of our local

partners will offer some grant opportunities (we've previously had help from Marathon and 3M).
- Wellness, Safety, Recruiting/Retention Committee: That's huge, and it's going to cost some money, even getting us to job fairs, etc., as those have more significant impacts.

EMS

2024 Accomplishments:
- Transition to new EMS billing company.
- AEDs in every marked and unmarked squad car; a grant Gwen did to facilitate this, so that was huge.
- Introduced Fire/EMS staffing plan.
- Achieved HEARTSafe Community designation, achieved in less than one year.
- Continue to receive awards for EMS excellence.
- Community Engagement-CPR, AEDs, Stop the Bleed. I'm very proud of our efforts with Teddy's Heart, and we're in the Middle Schools doing CPR training now.

2025 Goals:
- Develop accelerated recruitment for Firefighter-EMTs to Firefighter-Paramedics (training).
- Update Fleet Replacement plan for ambulances, as those costs keep increasing. We're trying to ensure we have a plan that every 2 years we get the 3 ambulances rotated through.
- Expand the Community Paramedic Program; Chelsea is actually going through the program right now.
- Consistent staffing level of dedicated ALS fire engine and 2 ALS ambulances.

Brenda said so we transitioned to our new billing company in October 2022, but we're starting to really just get good data out of it. One of the things that we were able to get out of the new system is our Medicare/Medicaid percentage. This is a pie chart just letting you know the different payer types: 71% of our billable calls are to Medicare/Medicaid patients; 18% is commercial insurance; Private Pay 10%; and Other Mandatory calls 1%.

An average bill per call is about $2,400. With Medicare/Medicaid, we receive $489.52, or about 20% of our call; with Other Mandatory calls, primarily workers' comp. type calls, we'll get $1,162, or about 48%; Commercial insurance is great paying, $1,788, or about 72%. Private pay: Because we transitioned in October 2022, those are still working through the collection process, so those are still low, as somebody might be making $50 or $100 payments per month. So, those are still not showing as paid, that's why it's a little bit lower than what we would expect.

Fun Fact: If we look back to 2016, at that point in history for the City, we were at 60% Medicare/Medicaid. So, we've grown that population here in Cottage Grove by 11%. What it means from a growing perspective is that we're getting about $589 on that call compared to that $1,700 that we would have back in 2016. Brenda asked if there were any questions on that slide.

Council Member Olsen stated our average bill per call is $2,400; what is the actual cost? So, not what we bill, but what does it cost us to go on that call? Do we have that number?

Brenda replied I can back into that number for you, based on what we have allocated to our EMS Fund today.

Council Member Olsen stated the reason I ask is over time, as you well know, we have had to massage which percent of that call gets paid for, particularly with personnel, gets paid for out of this fund. So, as I was noodling on this before the meeting, I was just curious what the percentage has been since let's just use 2016, in terms of what it costs us to provide that service. Obviously, we know Medicare/Medicaid is a challenge, and the idea is hopefully some of that would be offset by some of those other commercial insurance bills, those kinds of things. But we haven't been able to do as much mutual aid as we've done in the past where we might be going to another community where Medicare/Medicaid is a little less prevalent and private insurance a little more prevalent. So, that teeter totter balances out at least to some degree, but we haven't been able to do that due to our staffing. So, I'm just curious what the net net looks like in terms of what it costs us to do it and what we're getting paid for to do it. Does that make sense?

Brenda replied it does, yes, and it's an easy question to answer, but it's also a hard question to answer just because we provide Fire EMS; so, there are firefighter-paramedics, and so, right now, the majority of our personnel is 75% in our EMS Fund, 25% in our General Fund. We're starting to move that needle. I think if you would ask our Fire Chief what percentage of their time is EMS vs. Fire, it's probably higher than that 75%. So, it is a little difficult to say what does it cost? I think we should work on that.

Council Member Olsen stated yes, maybe just for the next go around, we can get a little bit more of a lead on that. I realize it's not an easy thing, but even just sort of a general idea. Because at the end of the day, we have to make a determination of is the value worth the cost? And we do that with everything, but there's expediential value just having the service in town, which you can't quantify in dollars and cents; the difference between my mom's having a heart attack and the response time is 6 minutes vs. 10 minutes. What does the survival rate look like and all those kinds of things. But at least for this, we can probably nibble it down and get a more quantifiable reckoning of are we still in the ballpark? Because it's getting awfully expensive to provide the service, it just is, and as we've talked about in the past, some of the communities we serve, they don't necessarily compensate us for that service beyond just what the bill will look like. So, that's a dialogue we're going to have to have at some point.

Brenda said with the new billing service, as of June 1, they transitioned to a new software. So, the company is LifeQuest, and is now known as EMS MC, and so they use the same processor, the same company, but new software. In front of you is a report that we'll be getting monthly. As you look through it, there's not much in there because they transitioned in June. So, we'll be getting information now on 2 different platforms for a while to say these calls went through the service, but I'm excited because it's more valuable information. They said that it will show how much cash are we getting per trip, what is our payer mix, what is our Medicare and Medicare Advantage? What do those look like, how is the aging of those calls? And, so, this is going to be nice, and they can do something we haven't received for probably 6 years as a City, our prior billing company, their old software had where they could match the revenue with the payments that came in against that call, no matter when they came in; so, we can see some real trends on our payment history. So, we're excited about this.

The other thing I wanted to talk to you about is with EMS, it's insurance; you have Medicare/Medicaid and sometimes we don't have insurance information, or our billing company doesn't. So, they'll send a couple bills to the patient, and if they don't get a response, we send them to collection or they send them to collection, and we use AAA Collection, they're based in Cottage Grove. Sometimes those calls do escalate, sometimes with the Finance staff, sometimes they'll escalate to the elected officials. I'm okay when they escalate because then we get that insurance information that they haven't provided. Sometimes their statements will be mailed, and we know the Post Office right now, because the billing service says they were mailed and the patient says they weren't received, that's probably true. So, if you ever get those calls, please let us know, and we'll work with them. But because we have a service and we have to collect them, we have to collect cash to stay in business. Sometimes those do escalate to collections because they'll think that we're closer with hospital connections than we are, but once we leave the hospital, we can't necessarily get the information from the hospital; so they think I provided it to the hospital, but we may not have it. And, so, they may misunderstand and think okay that we have that information, and we don't. It's a little difficult sometimes in the Finance world to deal with those calls that we do; we do it with empathy because we know that they're dealing with an illness, as that was why they were transported. So, if you ever get those calls or have any concerns, let us know.

Administrator Levitt stated I joked to Brenda, I wish we could scan either their credit card or their insurance cards when they enter the ambulance, but we can't. And, so, it's difficult.

Mayor Bailey said hospitals do, don't they?

Administrator Levitt stated I think that's more of a declined thing; if you don't know if someone's having a heart attack or not, we're certainly not going to ask them if we can swipe their credit card.

Mayor Bailey said no, but it's like every time we go to the doctor's office or whatever, they scan your insurance card.

Administrator Levitt said yes, and they want your ID, but in our Emergency Management, we don't do that, and so it is difficult. We drop them off at the hospital and we drive away. Well, we're not getting that insurance information, and so that makes it hard to make that connection. So, it is another step that those patients have to take when they get a bill from us to make sure that they route it appropriately. I think in the last week, you had received one from one of our other sister cities, it was a patient that had some issues and it was really just that issue, not recognizing we didn't get the insurance information. Once we can route it appropriately and get the accurate information, then we can take care of it.

Mayor Bailey asked is there something better we can do about possibly getting that data from the hospitals? Council Member Olsen asked is that HIPAA?

Jon stated I can talk about that process. So, our paramedics will try to get insurance information during the call or en route to the hospital. But some patients won't have it or most of the time they won't remember. So, the hospital has it, we drop them off at the hospital, and right when we get them signed in, we get this piece of paper, it's called a face sheet, it has their insurance information. But the problem is if they weren't seen there as a patient previously, or their insurance changed, there's no verification on that. Our Public Safety administrative staff, one of the things they do are QA checks. From there, they'll try to get the billing address if there's nothing listed, that's where we can also send mailings. I've been reading over more of the QA process, like they might have previous billings, we look at different things. It's just about how we can get some assistance to connect. I think it's such a small percentage of all the things we've billed; it's just a lot of time spent communicating with the patient and the hospital, because the hospital will bill their insurance. So, a lot of times, it's just the little stuff that's happened along the way. Each staff member who works in health care knows that's our craft, and we're trained in that. I mean there's a lot of effort to make sure those things happen, and they don't get to the collection point; but, again, it's now EMS MC, they may have more software capabilities to connect with hospitals, so we're looking at those. But what we've found, though, is a lot of times when patients do reach out to us, it's our customer service, and we're able to happily resolve a lot of those. A lot of times, like Brenda said, it's just that something was missed along the way, to take them out of collections and resolve it with different outcomes.

Mayor Bailey said well, that kind of explains to me that that's one of the issues with a heart attack. You're not going to be asking for an insurance card or anything. And she was fine at the end, obviously, but she just was curious as to how come she went to "collections", so hopefully your point is well taken.

Brenda added and they are preparing a letter for that patient, and they'll be mailing that out.

Mayor Bailey replied, okay, good, thank you.

Jon said just another remark, EMS MC flowchart, that's the first time they're seeing a bill, it's called a Comprehensive Flowchart, I found that process is getting me more confident that they're really making sure in getting those chances for us to get that insurance information before sending to collections or even billing the patient, outside of what the insurance paid. So, I'm a lot more confident and then just knowing that we're reaching like 99% and then the City Council's support; like how we all feel when we know they have a medical issue, we don't want them to have to go through more stuff. So, we're really looking at that good customer service experience.

Mayor Bailey said I know this is brand new, but I'm interested because I look at their first data for the month of June, and their gross charge per trip is $1,764.36. Do you see what I'm saying on that? Brenda replied yes. Mayor Bailey said and I know it's different than like Justin was asking about the average, and I know it can fluctuate, I'm assuming it will fluctuate. Because if you look down further, depending on what category, whether it's Medicare/Medicaid, I just thought it was interesting because some of them depending on Medicare/Medicaid, I'm looking up there and you're telling us we're getting their call just for that month for Medicare Advantage, the cost is $2404.99. If I'm looking at your screen up there, does that mean basically we're getting $489? Brenda replied yes. Out of that whole amount? Oh, my God. Brenda said yes.

Council Member Olsen stated yes, that's why I asked that question. He stated Brenda, I know with the software changeover there was a period of lag time for collections on accounts that had been previously billed through the old software. So, that obviously is going to throw off our write-off data. Brenda said yes. He asked do we have for this year any projection on write-offs, or are we still working through that noise?

Brenda replied we're still working through that noise. We looked at it a lot the last couple days, internally with the Finance staff, and so bad debt I think will be within our budget numbers. Our run values are up compared to our budget, but our mandatory write-offs are up, too, so.

Council Member Olsen stated okay, so it's apples-to-apples, though, it's equal. Because that I think will be the real, that will tell the tale as far as the success, or lack thereof, of the new billing company vs. the old billing company. I'm hopeful when it's all said and done we're going to see an improvement in our percentage of write-offs.

Brenda said, yes, I agree, and with that 70% of our population, we're going to get what we get; the other 30% we need to pay attention to. With the new billing company, it's actually gotten better; with this new software, we even got a new rep with the billing company, and this one's fantastic. So, I'm very impressed with her, so I hope that it continues to move forward well.

Council Member Olsen said, like you said, it's a matter of do we get the right data, first of all, so that we can pursue the compensation to the degree that we get it. For those folks who go to collections, do we have a successful process in place, and it sounds like you've made improvements in both of those areas.

Brenda said and we always watch collections.

Council Member Garza stated just in reading and looking back, I know it's only a month snapshot, but asked why is there such a variation and the difference into the cover charge, so per trip charge? Why is it so different? And I understand that Medicaid gets a discount, or if you're paying cash, you get a discount; but just insurance, Medicare Advantage, it's such a different claim for $100, $2,100, $2,800, $2,600.

Mayor Bailey said I think that's whatever the service is.

Council Member Khambata said right, so, people who are using Medicaid are older, maybe have more severe conditions.

Council Member Garza stated so they receive more services on the trip. Mayor Bailey replied right, whether there are IVs or something like that. Council Member Garza said okay.

Council Member Khambata stated what stands out to me is the 122 trips for personal or private pay, patient pay, and insurance charges is only $1,297 on average, but there's 122 examples to average them out.

Brenda explained it's the different types of calls. So, our BLS calls are a certain dollar amount, our ALS calls are a different dollar amount, and ALS2. So, as you have more calls, that's going to average out a little better, and some just have a couple calls, and they were all ALS2, so they're higher.

Council Member Garza stated so this is an average, got it.

Council Member Olsen said so these numbers, these are averages; they're not like all 25 trips cost X. They're an average of all the calls. So, that's why when Mayor Bailey was speaking earlier, one of the things he said was this is a small sample size. It might not even be statistically significant yet, I mean, we'd probably need another couple of months of data to get a good number, but it's an excellent point that there is quite a variable there. So, hopefully, as more data comes in, the numbers will become more reliable.

Mayor Bailey said I don't know if this is for Brenda or if this is for you, Jon. The League of Minnesota Cities sent out earlier this week that Bill that Judy Seeberger helped pass.

Administrator Levitt stated it was $24M for a grant, and the only unfortunate part is we don't know how you qualify, we don't know what the value is, but we are applying because I think the deadline is September 16; Mayor Bailey said that's what I was asking. Administrator Levitt stated we're working on it, and we're hoping that we can get some money to be able to shore up this fund.

Mayor Bailey asked when it's done and submitted, will you let me know? Jon replied, oh, yes, for sure. Mayor Bailey stated because I'd like to reach out to her just to say, to let her know we did, because we talked to her about it, obviously, up at the Capitol. We could let her know that we absolutely submitted our application.

Pete said it's a short application for a change, so we'll actually have it next week, so we'll let you know. Mayor Bailey stated yes, so, when it's being submitted, just let me know and I'll be glad to help.

Mayor Bailey said I know this is a touchy subject, but will we be able to have a report like this that will also break down our neighboring cities' call data?

Brenda replied that's a great question. So, with the new software that you're seeing in front of you, through the implementation we made sure that they could do it by city; so, they set it up that way. We thought that was happening with the old software, and I've done it periodically, but it means digging through data and putting things by ZIP Code order; this is going to be based on the place where the call took place, in Cottage Grove and our neighboring communities.

Mayor Bailey stated and that will help when Jennifer and I have this conversation with those communities, especially when we get more data, and we can show legitimately what the amounts are going to their communities.

Administrator Levitt stated I think the other thing, to be aware of in 2026, we'll probably still need to shift some of those expenses for EMS more to the General Levy. So, once again, we continue our greater subsidy in the fund, which is subsidizing those other communities.

Mayor Bailey asked when are they recalibrating for Medicare/Medicaid again?

Jon replied for these standards, it's complicated. So, and it goes back to what the cost per call is; we have to submit at a State level, which has created this ambulance pay, that's how they determine if, of course it isn't $20M, but what they make available for our squad. So, then, I will have to submit all that data, along with every EMS ambulance provider in the country. So, in 2026, 2027, maybe 2028, they should come up with new rates based upon that. But, again, it's not close.

Mayor Bailey stated so, it's not going to be anytime soon.

Jon said it's probably not going to be next year, but I think maybe Brenda, if she remembers, was this the last year, I think we submitted questions this year and so it's May of 2026 of all the studies work. They've already started publishing some papers from what they've collected, just in terms of like service level changes. I'm hopeful they're doing a lot before that and getting it before Congress; I don't know if it will be before the new Congress or not.

Brenda said as we did our revenue projections for our 2025 Budget, we went back to 2017 and looked at just our billable calls; so, this isn't the number of calls that EMS responded to, this is just those that we were able to bill for.

In 2022, that is as we transitioned to our new billing software, they would do all of January's calls, close out the month, and then we would get our revenue for it.

With our new billing software, they just close out the month on the last day of the month, and they may have some calls that they are still perfecting in order to bill because they're looking for insurance information or addresses or other information on the patient. So, it doesn't hit that current month, so it will hit the next month. So, that's why we have that little dip down in 2022. Those 2023 calls contain a month of 2022 calls.

The other thing that we look at is how much are we collecting, Net Revenue, that really means cash in the door per call. As you can see in 2017 and 2018, we are getting 907, 868, but then we started to trend down as our population changed, but then in 2021 that was our billing service that we've now collected in 2022 and 2023.

On the next slide is how we're making our Revenue Assumptions here for 2025. We're taking 2,680 Calls, we also looked at what we're doing in 2024 to come up with that average; we took a 3-year average plus 3%, and then we did an average per call, so that means ALS, BLS, ALS2, and then we know what we're going to get. So, we know that 70% of that call volume of that 2,680 is Medicare/Medicaid, and so we know we're going to get $500 per call, so we know what that mandatory adjustment is going to be. Then we've got 1% of our call volume in the other mandatory adjustments and looking at our 13 months of data that we have, we're seeing a projection there of how much we'll receive per call, to come up with our adjustment. Bad debt is about 8.47%, is what we're projecting of that Gross Revenue. So, those are the things that fall in that other bucket. We hope to be better than that, but as we look at our history, I don't know that we will be, we do what we can. So, that gives us Net Revenue to run our system of about $2.3M for 2025. Collection rate is 34.38%, $870 per call.

Council Member Khambata asked do we know how other EMS services rank in terms of like their collection rate or cost sharing?

Brenda replied we do, we have friendly insider data, and we do talk to other cities. We were all 1 team as we transitioned into billing services, we weren't the only ones who transitioned back in 2022 or 2023, and so we looked at that. The population is different, as we're 70% Medicare/Medicaid and somebody else might be 65%, and that has a big impact as we look at that bad debt; so, that's one of the things that we compare with other cities as we talk to them.

Budget Impacts:

- Ambulance replacement, ordered 1.5 years ago; we've actually been working with our mechanics so we're not going to have to send the ambulance down to Red Wing. The latest number is $20K-$30K less than what we anticipated.
- Training of Firefighter-EMTs to Firefighter-Paramedics.
- Staffing level of dedicated ALS fire engine and 2 ALS ambulances.

Brenda said that is what we're going to have to look at here, not so much in 2025 and 2026, but we need to start allocating more of our Firefighter-Paramedics back over to the General Fund, what can this EMS service support? Other cities have done a Special Revenue Fund just to recognize that they're not going to cover the cost of depreciation in their ranks, depreciation really is only depreciation of their capital equipment. So, they're probably using other funds for that capital. We're going to just have to start to look at that now that we're getting great data out of our billing service.

Council Member Olsen asked can I recommend that everybody else might hate with regard to this Community Survey you want to do? Maybe we need to ask a question or several questions of the public about what do you want to pay for? What do you want your tax revenue to go to, with respect to certain Public Safety elements; whether it's additional police officers, more firefighters, additional EMS, whatever the case might be. Because here's the thing, you guys all read the same stuff as the rest of us do. Poor Myron, he just gets hammered sometimes. He did this video of Preserve.Play.Prosper, and the whole conversation was we're already taxed too much, you don't use the taxes properly now, you just need to change the way you do things. Well, here's the deal: We're the second lowest taxed community in Washington County, and but for Local Government Aid (LGA) that St. Paul Park receives, in an excessive amount, we would be the best; we're the second lowest and it's not good enough for some people. We're the third lowest in the metro for communities of 40,000+, and we talked last week about Shakopee getting fiscal disparity and those kinds of things. So, maybe we need to be a little more direct with the conversation and say, okay, you think you're overtaxed? What do you want to pay for, what don't you want? Because if you want EMS to go away, we'll make it go away for you, that's okay; but you just need to understand what that means. It means that when mom has a heart attack, it might be 10, 15 minutes before a bus gets here because it's going to be coming from St. Paul or someplace else, as opposed to right down on 80th Street. Maybe that's a question we have to ask people, maybe we have to get that clear with it. It fascinates me, you're already taxing us too much; well, that's why this is going on a ballot referendum, you get to pick, do you want it or don't you? We're not telling you this is what's happening, we're telling you this could happen, and here's the way it could happen, but the choice is yours. And spell out the benefits and the detractions to what we do; if you want less cops on the street, we'll put less cops on the street. If you want less ambulances, we'll do less ambulances. Because at the end of the day, as you look at these projections, there's no option. We can talk about grants and all those things, and you guys do so well chase third-party dollars. Jon's a fantastic grant writer, he's looking for that stuff, but when the rubber meets the road, there's going to be a cost; everybody's good at saying this is what it costs, but very few people can identify value. And there's tremendous value to certain things, and this staff and this Council has worked so hard to keep that tax rate as the second lowest to ensure that the value to the taxpayer in Cottage Grove is realized and very clear; its why people move here, right? You get more house for less money and all those kinds of things, but bottom line is if there is a will of the people to have that tax rate drop even further, it's going to come at the cost of services. And maybe we need to ask that question, what services do you not want?

Council Member Khambata said it's a hard question to ask. You're going to get the what do you want and what do you want to pay for are not going to be the same things.

Council Member Olsen said I get it, I know that completely. That's why I'm saying maybe we need to find a way to clarify that. Having done this for a little while and the mayor can absolutely chime in here, but I mean we've done community surveys time and time again; sometimes we'll get responses back that say 70% of the public feels like this is something that they want, so we'll go to the public with a plan, with a referendum question or whatever the case might be, and it will fail.

Council Member Khambata said Minnesota Statute gives us 5 members here the authority to promote the health, safety, and wellbeing of the community, that's what this fall under. It's not a matter of if we have to pay for it, we have to pay for it. So, if you're bound and determined, you're not wrong.

Council Member Olsen replied we don't have to pay for this. We could eliminate the EMS program this year if you want to.

Council Member Garza said that would be detrimental and horrible.

Council Member Olsen said it would be terrible, it would be a terrible thing to do, but we could do it.

Council Member Khambata said if our mandate is to promote the health and wellbeing of the community, it's in the community's best interest to have this service.

Council Member Olsen said I think that and you think that, and so does I think everybody in the room.

Council Member Garza said I understand your point, right? But in a City that is as developed as we are and as far along as we are, it's not like we can say, okay, what would you guys like to do, which services would you like provided. I think to me that's an insult to our City, and I'm just saying that because we provide these services, that's the reason why our community has moved here and we're living here, right? These are the expectations that we moved here to expect. So, if we were to go backwards and say, well, our budget is this, so do you want this or do you want that, as he said, we're appointed here to make these decisions and figure out what's best. And we get a lot of grief as City Council, and you guys really do. I'm very new to this, but just today I was sitting in a business, working, so I'm taking care of my business, and they started talking to me about the City Council; and their comments were that we could do better, and I said, well, you know, I've been here 8, 9 years now, and I have seen this Council do many things. And for you all to have, I'm not on this Council for as long as you have been, and I get there's people that disagree or agree or whatever with what you do, but to me, it speaks volumes for you all to have been here as long as you have. So, regardless of the people that are giving you the nay say and all of that, you guys are doing the right thing.

Council Member Olsen said oh, trust me, I get it. The vast majority of people are much more positive, the vast majority.

Council Member Garza said right, and for us to be a City with our taxes really being the lowest in Washington County because of the St. Paul Park thing, we can’t ask for anything more; and people are going to keep on complaining, but we’re doing the best that we can, I believe.

Council Member Olsen said there will always be a portion who will not like anything that you do, that’s a fact, but here’s the reason I brought it up. When you go to the public and you ask those specific questions, the opportunity is that there will be overwhelming feedback that comes back that says we really like what’s going on here, we like it a lot. When we do surveys, and the most recent one we did, what was the percentage, do you remember, was it 90% of the public said they liked? Administrator Levitt replied the Community Center. Council Member Olsen said yes, they liked what we were doing. Council Member Khambata said they agreed with the direction the City was going.

Council Member Olsen said yes, and it was big. So, to me, there’s value in that because it says, well, we’ve asked you the questions, and this is the response that we got and overwhelming it says continue to do what you’re doing. But look, everything costs money, everything. Everything we do costs money, and there has to be a recognition of that.

Council Member Thiede said so, I agree with Justin in terms of trying to get feedback from people and what they want, what they don’t want, and what they think that we spend too much money on, things like that.

Council Member Olsen said in a statistical, measurable way.

Council Member Thiede said and the support for that is making sure we get enough demographic information with that study to be able to qualify those responses and so forth, so we understand what could be driving some of those responses, right, and what percentages, statistically.

Council Member Khambata said I think we’re trying to kind of lead by example, right? So, a non-essential service is a ballot referendum because it’s a nonessential service. Fireworks is donations driven; the Lions Club runs the Strawberry Festival, right? So, these nonessential services are for the most part are not paid out on the City budget. And, so, I think the rebuttal to that is look, when it comes to essential services, we’ll do what we have to do to make sure that we’re providing those; but I think our track record for nonessential services is we’re very good about finding other funding sources or about going to the community and asking for their input on it before it gets implemented.

Council Member Olsen said that’s absolutely true, and that’s been Myron’s motto since he became mayor. If it’s a need, we’re going to find a way to fund the need; if it’s a want, we’ll take it to the voters. And that’s what he’s always espoused and what he’s always done, and I have a great deal of respect for that. And I think that’s the right approach, because we are all about the core government services, and then those extra things or those things that would be sort of nice to have, we ask, is this something that you want or not? And whatever the answer is, the answer is. Our job is just to educate, this is what could potentially happen, but I do think that there has to be a recognition at a greater degree that some of these core services are getting more expensive. Trucks get more expensive, labor gets more expensive, all the other things get more expensive, and so, if we're going to continue to provide the same level of service, there will be a cost. Now, the differentiator, as Jennifer points out, is the cost applies to everybody else, too. So, their costs are going to go up, just like ours are, and we've stayed at that second lowest in Washington County for a long time, and we've done it and achieved a AAA bond rating. At some point, you're like man, what more do you want? What else can we do for you?

Council Member Khambata stated but I think that survey, and I agree with you to have those types of questions on there. I think that the liability is being careful about how we respond to the answers.

Council Member Olsen said and that's why you use a professional firm because they will ask the questions the right way, and they'll give you the right data. And I didn't mean to take us off on that big, long tangent because I know you've got more to cover; but it's just a thought as we think about if we're going to go forward with a community survey, maybe we need to recalibrate some of the questions that we ask and the data that we're looking for.

Mayor Bailey said I'll just say a couple things: 1) I consider the EMS, and I know you do, too, a core value. It's an essential core function. The only thing that bothers me about our EMS, and everybody already knows it, is because we're providing it to our neighboring cities and getting zero support from the financial side of it. That's the only thing that bothers me, everything else we do, whether it's Public Works, there's a contractual agreement. And if we could get some contractual agreements with our neighboring cities regarding this, I think this is time to talk, then we need to do that. But I agree with you, whether you ask questions now, and I do think everybody would say no, this is a core function of government. 2) Now that we're going to have our new communications person on, I think the challenge might be for the City Council, if you will, is a clear message. What I mean by that is, I bet if you were to ask, just like we already know, if somebody calls 911, they know a cop's going to be there, an ambulance is going to be there, and Fire is going to be there. In most cases, I have to say, if it snows overnight, by 8 or 9 o'clock in the morning, your roads are plowed, right? So, then the question is if you say, okay, I can probably cut back on Public Works, but then your road won't get plowed until noon, or maybe we go to a completely different Snow Emergency declaration kind of thing. I'm not advocating for that, but my point is I do hear a lot from the public who say they absolutely love all of the stuff I just talked about. The question will be not everyone knows it. The last thing I'll say it's just like when I look at the stuff on the Preserve.Play.Prosper, it's basically 4-or-5 people, and they're the same 4-or-5 people that complain about the same thing. The other ones that send me private messages or whatever, they're all for it. So, whether that will get it over the line or not, that's up to the public, and that's the way I've been on all of them, whether it's the referendum for the Community Center or this. This is a core function of government so we have to figure out a way with our partners in the cities, but I think I would not want to live in a community that has services coming from a hospital in St. Paul.

Council Member Olsen said and neither would I.

Council Member Khambata said the whole reason why the State had to pass the legislation regarding EMS is because there were so many gaps in service and so many rural parts that didn't have any service in the State. And, so, to be in a position where we can provide this and provide the level of service that we do, I think again our staff and our teams are doing a great job to be able to do that.

Special Revenue Funds

Pete said I'll talk a little bit about Forfeiture & Seizure and the Opioid Settlement Funds. You see that number in 2023, $320K, correct me if I'm wrong, Brenda, that was a ledger change that we did when we got our original squad cameras, so that's why that number is so high, we didn't have a windfall or seize that much of anything.

2024 Accomplishments:

- Work with community groups to provide classes for awareness and naloxone administration to save lives.
- Expanded naloxone training to our Public Works and Parks and Recreation staff, in addition to equipping them with naloxone kits.
- Purchased in-squad camera systems.

2025 Goals:

- Partner with Washington County to identify and hire an embedded social worker to work as a co-responder with our Case Management Unit (75%-25% of the salary); Year 2 is a 50%-50% split, so our Opioid Settlement money is what we'll use to pay that.
- Work with community groups to provide classes for awareness and naloxone administration to save lives.
- Expand Community Paramedic Program.
- Automated License Plate Readers, we're doing a pilot program on those, but it started 2 weeks ago now.
- Update computer/cell phone forensic technology.

<u>Budget Impacts</u>:

- Increased need in forensic tools/software.
- Prosecuting attorney fees for forfeiture.
- Forensic detective training, as 1 of our detectives will probably retire in a couple of years and forensics training is very expensive.
- Enhancements in squad and body camera systems.
- New technology with surveillance equipment and camera trailer.

Council Member Olsen asked on forfeiture, I know that the law changed several years ago; are you going to talk about that?

Pete said I don't have a lot more data, but I can tell you that we get the criminal forfeitures from inhouse criminal cases; we handle the DUI forfeitures. Captain Rinzel and I both sit on the committees for the Narcotics Task Force and we're also members of the Sex Trafficking Task Force. They tell us the money is not just in there for a rainy-day fund; the laws keep changing so we use a lot of it for forensic equipment.

Council Member Olsen said I'm really interested in our participation with Washington County on the Narcotics Task Force and how that forfeiture map works today vs. how it used to work.

Captain Rinzel said the big thing I will say, going back to the original DUI forfeiture, that's where we gained the most of our money, that was earmarked specifically for DUI-related sharing; so, you see that transfer of the $320K, that was actually our original first purchase of our squad camera system, all 3, and we're on our third variation already. But that money came all out of DUI forfeiture; you get a second DUI, that's a forfeiture. Now, 3 or more and it has to be a felony, and we still aren't getting them; they're giving the cars back after you get an Interlock on your car. The legislature really pushed us away from making a civil forfeiture for a criminal act, it pretty much has to be a criminal act to get any forfeiture money now, so, that's all diminished a lot.

Captain Rinzel said now on the other question, the partnerships we have with the Narcotics Task Force, we're 1 piece of that pie, so we get a percentage based upon total assets seized over time. Captain Petersen was on that team for a while, so it'll take 2 or 3 years for some of the big narcotic forfeitures that go federal to see that money hit our goals. So, that money is controlled exclusively by Washington County; we're told, this is your amount, and we can ask for things, like drones and a lot of other things out of that money. That's the same with now our Human Trafficking Task Force that Detective Campbell is on; we get a portion of that now. Oakdale left that group, we slid into that group, and we're getting funded now. For that position, we took their grant money, transferred it to us, so we're reimbursed his wages this year; for the first half of the year, we have $50K, and we spent half. We should get about $58K, and they've re-upped their grant to go from the State to get money from them; whether or not that grant is accepted or not we don't know. They have centralized the BCA as the main Human Trafficking Task Force in the metro; however, County seems comfortable and confident we'll get that money. So, if that happens, that's not seen in your numbers here, but this position will be totally funded then.

Council Member Olsen said wow, that would be phenomenal.

Captain Rinzel said so those are all the balls that are up in the air, and I can't tell you one way or the other; but we were very fortunate to move into Oakdale's slotted position that was supposed to expire I think in March, and then it got pushed to June, and then the State pushed the full grant process off until the end of this year. So, we'll know more later, but we got more in that money from financial pay than we do from the Narcotics Task Force, which we fund the person, but we get the forfeiture money.

Council Member Olsen said awesome, thank you.

Opioid Settlement Funds

<u>Budget Impacts</u>:

- Settlement Funds received to date=$280,442.
- Estimate of $49K per year for the next 14 years, but there's nothing guaranteed.

As previously noted, we used some of the funds received for training. We're confident the costs for the first couple years of the embedded social worker we already have funded; in the future, we'll talk with Washington County about what the costs will look like in 3-or-4 years and what kind of cost sharing there will be.

Budget Communication

Administrator Levitt stated we need to wrap up a few things:

We started at the beginning stating that next week we will talk about the CIP, so we'll be talking about capital and debt issuance, and that's another big part of your budget. So, if you want to scale back any of the debt that we anticipated in the budget, that would be then the discussion next time.

Also, knowing that we're not going to get the numbers from the County towards the end of the month, we'll probably really want to hone in on the 28th as our final budget meeting. So, before we get to that, though, it will be helpful if there are any questions, initial direction, themes for communication. Brenda did provide you some additional things: One is obviously related to the question about when does the debt fall off. Also, just a reminder to you, she handed out the form again about the Budget Adds that didn't make it into the budget; if you wish to add those back in, what the levy change is. She provided you an easy Debt Levy reduction calculator; so, if you see the levy increase on the third column, on that lower part, and you wish it to reach a certain number, you can see how many dollars must be cut to achieve that levy.

So, with that, we'll really turn it over to you, Mayor and Council, to give us some information, direction, and then obviously if we start to think about communications on the budget, if you have a few messages that you'd like us to work on.

Council Member Khambata said I think I told Jon and Pete each this several times, but they have their own set of staff and departments to look after and justify what money they get and what they really need. So, they're accountable to their own people. We, as the elected body, are a Council to everybody, so we must go back and justify this, and unfortunately, I think government should be spelled with a capital C for compromise. So, I just ask everybody, we like to hit everyone's number, but if something's got to give, tell me what you'd be willing to wait for and what you really can't, so that we can make a more informed decision.

Council Member Thiede said obviously I'm interested as I do think in some cases maybe we are spending a little too much money, with the debt and things like that, we need to look at that. It's great that we're in the lower taxing position, and people get hit from all directions, right? And, so, I certainly don't want to see that percentage go higher, any higher than what we first projected.

Mayor Bailey asked are you talking about what they have down here right now?

Council Member Thiede asked so, what do we have, 12? Mayor Bailey replied it's 12.48, Brenda said 12.5. Council Member Thiede said yeah, I certainly wouldn't want to see it go any higher.

Council Member Garza said I don't have much; I'm learning and trying to understand all of the budgets and the numbers, and I appreciate our staff making sure that they're keeping our City in a great position. And I appreciate all the departments that helped and support all that you do. But since it's new to me, I'm not that new so I can't keep using that as an excuse, but living here in the City, I appreciate everything that you guys have all provided, and I would like to continue that. So, however we can help, following what Tony said, if there are definitely what we need to look at and make sure that it's there, I would want to know about it; and those things that we need to talk about at our next budget meeting just to make sure that we maintain our level of service in Cottage Grove.

Council Member Olsen said so the CIP next week is going to be a big discussion, obviously, because as we learned last week, the next couple of years of equipment and other materials that we're going to need to try to figure out how to fund, that's going to have a massive impact on what the levy's going to be. So, I'm very curious how that whole conversation is going to go, and I look forward to the dialogue there. I know you've already sharpened the pencils several different times to get where we are today. And I agree with Tony, if there's anything where you look and you say, gosh, maybe this is one of those things we can hold off until next year or the year after, I would like to know that just to make an informed decision.

Brenda, I wanted to ask on the Fund Balance Policy, you mentioned at the end of the year, those dollars are delineated for certain buckets. And I thought I heard you say 30% goes to Closed Debt, 25% goes to Equipment Replacement, 15% for Building Maintenance/Building Replacement, 10% for Pavement Management, and then I missed the last one.

Brenda said the last one, 5%, is for Internal Service Funds, and so when we did that in regards to our Fund Balance Policy, our Internal Service Funds had negative cash in it; and so, we said we're going to start directing 5% into one of the 3 funds, whether it's Self-Insurance, Fleet, or IT, at the discretion of the Finance Director and the City Administrator, and we would let you know. So, for last year, we put it in the IT Fund. And now that does not add to 100%.

Council Member Olsen stated it doesn't, that's what I was going to ask you. Brenda said the rest stays in the General Fund, and so that is intentional. Council Member Olsen said okay, that's on purpose; all right, good. Council Member Thiede asked so it's all being spent, 15%, right?

Council Member Olsen asked so do you think that that still makes sense as far as the delineation of funds?

Brenda replied it does to me, but if Council has any; Council Member Olsen said no, I'm asking for your input, that's all because as we kind of go through the numbers, you can see different funds are kind of doing this, so I just wanted to ask if you thought that made sense.

Council Member Olsen said I want to ask a question about the HRA Levy. So, if I recall, the HRA Levy, which is $137,500 is simply another name for funding that already is being put into the EDA, right? It's just we're breaking it out differently, so that's not adding anything, it's simply just defining it differently. Okay, fair enough.

Administrator Levitt stated it's restricting it, to be honest. Council Member Olsen said understood, yes, it gives it a more statutory kind of directive. Administrator Levitt added and we want to be transparent, like the rest of this, right? We want to delineate what that money's going for and that will be an expense.

Mayor Bailey said and that's why you'll notice it's $137,500 and $137,500; the amount is what we've normally been doing, $275K, but now it's split.

Council Member Olsen said yes, and the reason I was asking is because I've been looking at some of the other communities that do this as well, and it's becoming much more prevalent, it really is. So, from an accounting perspective, I think it makes a lot of sense, but I also think it makes a lot of sense in terms of the ways in which you're going to use those dollars. We're getting to that point in our age as a community where some of this is necessary; Myron and I heard from a mutual friend here a couple weeks ago about fences along Jamaica Avenue and maybe that's something we talk about. So, yes, that's a good thing.

Council Member Olsen said the last thing I want to ask is early in the conversation today, you talked about we're doing retention interviews. Brian talked about all of the help tickets that he's been doing; I know Director Burfeind talked last week about the various work tickets that are coming in. The word that I wrote down here is capacity with a big question mark. Really, that's what I'm wondering is do we have the capacity to effectively continue to do those things and still provide the same level of service that our residents have become accustomed to? Because the demand continues to go up, and I know we've invested in people on the General Government side, which we hadn't done for years and years. I know that we invested in some additional Parks staff and probably could have given them 2 more, but honestly, that's what we did. I know the Police Department is constantly hearing from residents about I want the speed trailer here, we need more police officers doing traffic enforcement, those sorts of things. So, that's really the question: As we grow and the demands grow exponentially, has our capacity grown enough at a parallel rate to manage that? We're not living in the days where we have 3 Management Analysts at the front desk who do a little bit of this and a little bit of that and a little bit of the other thing; like, we have specialty positions now, we have very specific demands on people's time. Let's give credit where credit's due; poor Jaime, I think she's been doing 3-or-4 jobs for 6 months or more, and I know everybody pitches in where necessary. Myron and I were talking about when we went to the hockey game, Cretin Derham Hall vs. Park for the playoffs last year, Zac, Jordan, Molly, I mean everybody at the Ice Arena, they were mopping floors, cleaning bathrooms, serving hot dogs; they were all over the place. And it just makes me wonder, like from a capacity perspective, are we where we should be to be able to deliver that same level of service? And you don't need to answer that for me today, but just something to noodle on as we continue to kind of narrow down what we want to do; because ultimately, based on the desired outcome, we may need to adjust, we may need to shift, we may need to add a little here, maybe take a little there. Because I already know we're efficient, and I don't know how much more efficient we can be.

But that's really all I have. I think it's been a great process so far, you guys have done a lot of really hard work. I really appreciated the EMS discussion tonight because that's always been a concern for me and it has been my whole time on the City Council because you just watch that fund continue to tip; and it's such an important element of what we provide here in the City. But, boy, it's a lot more expensive every year to do it, so that's it. I have nothing else, Mayor.

Council Member Thiede stated when I started on the Council, it was right when the Good to Great was going on. And I've said this before, but what Justin is talking about is kind of the, part of the definition of great, in terms of everybody that's working together is making it happen. And I'm sure we all don't say how much we appreciate it as much as we should be saying it. So, that is very good.

Council Member Olsen said yeah, but we can't say thank you enough, we really can't. Mayor Bailey said no, I agree.

Council Member Garza said Jennifer, it sounds like Justin is attempting that upstream thinking. That's what I hear.

Council Member Olsen said that's our job, right? We have to look around the corner and see what other people don't see. I mean, that's what they ask us to do in this position, and it's hard, it's hard to do, but we're lucky we have a talented staff who give us great information and good direction, and that helps us make good decisions.

Administrator Levitt stated well, I'm grateful that you guys embrace the concept and the ideas for the year. I will warn you that staff has used that against me numerous times, though. So, we will continue our upstream thinking. The ones that have used it most often are the City Directors behind you.

Mayor Bailey said well, just for me, I don't want to see us go higher on the levy. I think you've given us a good budget. The one thing I would ask, though, it got brought up before, is there something out there where you go, you know what, I can wait another year or 2 for it, whether it's already in the budget, or these items that are kind of listed as extra. So, what I was really interested in, and some of this stuff is very self-explanatory, but if you say, and it's a small number, but if you say Fire Supplies, what does that mean? You know it's such a small number, but what is that comparably speaking to something else?

I don't know what Park Rental Lease Budget means as a Budget Add, so I'd want to know that. And I did ask the question about the next one there, which is the Parks Increased Total Restroom Budget, I think I mentioned that to you, Jennifer; that's the portable toilets, but the expectation is that the price of them are going to go up, and this is to cover the exact same ones but at the higher price. So, either you add it somehow, or you have less portable toilets in the parks. So, just food for thought there for the group here.

But some of the stuff is equipment, and we can talk about that next week when we do the CIP.

But the rest of it, like when you have on here, Pete or whoever, police officer change start date as an add of $60K, what does that mean? So, just giving us kind of the data, what does it mean for the inspector or what's not going to get done? I cannot think any of this stuff is to make life easier, but my point is, is the goal like hey, if we bring another officer on at that time, is it because I'm going to put 2 people through training at the same time? Or would it be easier vs. is it I could wait 6 more months or whatever. I just want to know from this standpoint what the numbers are coming. And the warning siren, we've been talking about that, we got the 1 that we got taken care of, so I mean, we'll have to deal with that on a future date, I'm not as concerned about that.

But when it comes to some of these other things, like the Tasers, it's $42K, what does that mean? Does that mean half the officers don't get new Tasers? Council Member Thiede said I think that's the entire program from the way I read it. Mayor Bailey said but that's what I want to know. Council Member Thiede said it's for 46 of them or something like that and for a year, put it in for a year for what, 5 years; so, you're getting that $200K for the Tasers, but you're spreading it out. Mayor Bailey said you're paying $42K for the next 5 years, I agree. Council Member Thiede said that's the first thing I asked was well, but then do all of them need to be replaced, at what time? Are they all the same ones that are not supported? Mayor Bailey said yes, I just want to know. Because I don't want our officers going out there with faulty equipment when they go to use something or if the technology's changed and we can't get some new technology, we're going to have to figure it out.

So, that's what I'm looking at as we look at some of these things is tell me what's critical. If that's a critical thing, and you say we're going to need to do these Tasers because the old ones aren't supported anymore, then we're going to have to figure that out as a Council.

Pete asked when do you want a response on that?

Mayor Bailey said well, if you can, is our intent to make some final decisions after CIP next week?

Administrator Levitt replied I think we'll still have to wait some more. Council Member Olsen stated yes, until the 28th, because we have to get County's information.

Mayor Bailey stated yes, by the 28th, so if you guys can do that, it'll help us and we can also judge and see what are needs, we have to do this vs. this one can be pushed off.

Council Member Garza said I have a question on that one as well. Because it mentioned the Taser program, so is that Taser program a 5-year program, like charge $20K and divide it out over the next 5 years, and we started like last year? Or is this something that we're looking to go into?

Pete replied I'll ask Captain Petersen, he's been running with that program.

Captain Petersen said sure, the way our current program works is we purchased our Tasers outright, we purchased the equipment, we buy the cartridges, we pay for the service contract annually, and things like that. What we're looking to do next year is consider it a lease of the whole program. So, we're leasing the equipment, the service, the Taser training as a package, and that's spread out over 5 years. So, the $42K is a lease program. Basically, if we want to continue to use Tasers, which is recommended as a Best Practice, that's what you're paying for, and that's what it is.

Council Member Garza stated and that's why I asked that question because I wasn't sure if we were currently under that contract, which would mean we would need to stay in the contract, but this is a contract that we're looking to go into.

Captain Petersen replied the current Tasers we have are several years old, and they're saying as of next year, they'll no longer support them. Council Member Garza said thank you.

Council Member Thiede said so what does that mean, though? It's not like computers; I mean, things can go end of life, right? But you can continue to use your computer, it just means if something goes wrong, that they aren't doing upgrades or they aren't supporting it anymore, right? So, the question is if the Taser itself continues to work until something goes wrong with it, and then they wouldn't support it.

Captain Petersen said correct.

Council Member Thiede said at that time, conceivably, you could then buy a new one. Mayor Bailey asked buy or lease? Council Member Thiede said well, I know there are different philosophies on that. So, since you began with a replacement program as the current Tasers die, and you can't get them fixed, then you buy a new one to replace it.

Captain Petersen said strictly speaking, yes, you could do that, but it's very difficult when you try to accomplish training of 46 people on different Taser platforms and have all the right training supplies and Taser cartridges on hand, and I could explain it to you sometime if you like.

Captain Rinzel said they won't support us, they won't sell us cartridges, they won't sell us anything related to that, they're just done with that. So, if you go in to buy a battery, the AAA battery that they need to work, they won't sell the batteries; they don't sell the cartridges, they don't sell anything, they're basically washing their hands of the platform, saying we're done. And we have ones that are already 2 models beyond what's available now, and we have the ones 3 before that for C.S.O.s and the others; we got rid of them carrying it. We've already taken everything we've had, we kind of stripped to that point where we're at.

Council Member Thiede said maybe next Tuesday night you can educate me a little bit more.

Council Member Khambata said there's going to be implications of liability, right? So, what's the implication of that unit failing because it's old? Council Member Olsen said yeah, that's a liability we don't want to take on. Council Member Khambata said so the cost of a single lawsuit far outweighs the cost of new Tasers, in my opinion, that's an important thing to take off, the risk.

Mayor Bailey said anyway, so that's enough. I just wanted to let you know that that's what I'm looking for. So, if you would, that would be helpful, and thank you for explaining it.

Council Member Olsen said on the bottom here, under the proposed changes, where you have your various points, your levy increase points; so, essentially what you're saying here is if you wanted to decrease the levy to X, this is the dollar value of that decrease. And so then that would require some additional savings someplace based on all the data that you've given us, and that has no bearing on any of this; this is all just if you want to add.

Brenda replied yes. Council Member Olsen said, okay, fair enough.

Mayor Bailey told Brenda thank you for doing that, by the way, because that will really help us.

3. ADJOURNMENT

Motion by Council Member Olsen to adjourn; second by Council Member Thiede. Motion passed: 5-0. The meeting was adjourned at 7:48 p.m.

Minutes prepared by Judy Graf and reviewed by Tamara Anderson, City Clerk.