

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

July 24,

1. CALL TO ORDER

Mayor Bailey called the Special Meeting for the budget discussion to order and said I'll turn it over to Jennifer to get us started tonight.

2. AGENDA

A. 2025 BUDGET WORKSHOP

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

City Administrator Jennifer Levitt stated we are excited to be here tonight because obviously, as you know, it's hundreds of hours that we put in, preparing the documents that are before you.

Council Member Garza, I know it's your first time, so we will step through some things a little bit in more detail and pause to make sure we get your questions answered. Council Member Garza said thank you.

Now, I'm old school, so I like mine in paper, but just so you know, all of the detailed sheets that you have that were sent out to you we'll be referencing them on the slides as we go.

As I mentioned, this amounts to hundreds of hours in staff time to actually prepare the documents that are before you, which are our living and breathing documents that we use all year long. Brenda holds us accountable for all of our expenditures and then prods us if our revenues are a little low.

Jennifer stated so tonight we'll be going over the budget overview; this is where Brenda is going to tell you how things are tracking when we see all of our funds, where our tax rate is at, where our levy and our projected impacts are for our properties. Community Development will touch on where our growth is at, where our projections are, and where we're looking at revenue. Then we'll turn to Parks, and since Parks and Public Works both involve equipment, and maybe Parks doesn't want to stay around all evening, we decided to throw the Equipment right in between. So, we will be touching on Equipment, and Dave can dive into all of the details related to the staff memos related to the equipment stuff. So, don't worry, they are prepared.

As I mentioned, hundreds of hours go into this document, but really we started back at our Strategic Planning Workshop in January, as you set the tone and the priorities for what we wanted to look at this year and into the future. We talked a lot about thinking upstream when we were at the Strategic Plan meeting; you've seen some of that

upstream thinking as you've heard both the Public Safety's and Fire Department's Strategic Plans as we're looking ahead, as we're projecting. You also gave us direction to start to look at how things could be done differently, not just to accept the status quo. So, staff took that direction that you gave us on May 1, to look under every rock, evaluate what we're doing, how we're doing it, why we're doing it, to see if there's efficiencies. So, tonight, you'll hear the different departments talk about those efficiencies and things that they've been able to glean and prepare for you in regards to the financial impacts.

Once we had that kickoff with Council, everything in green the staff inputted, all the numbers that you see in those tracking sheets. Brenda and I go through and try to balance the budget; actually, Brenda does 99% of the work, I just give the answers every now and then. So, tonight is our first of two workshops. I do want to draw your attention to the August 28 workshop; the problem is the way the calendar and the budget cycle is hitting with Washington County's numbers, we may need to meet on August 28, depending on if there's a big shift in their numbers compared to ours and what assumptions we make. We will be adopting the preliminary levy on September 4; now that we know two Council Members will be gone on September 18, we're definitely not adopting the budget on September 18, so we'll have to do that September 4. So, we may need that August 28 budget meeting. Really, the day that we all are looking forward to is December 4, as we adopt that final preliminary levy.

When we look at our Strategic Vision, we spent time at our Strategic Planning meeting really talking about our Mission Statement and revised it to ensure that we're promoting community pride and create a high quality of life by providing excellent delivery of public service to residents and businesses. I hope what you see in this budget is just that, that we're delivering that service, that level of expertise, that customer service that our residents and businesses expect from us. We also focus a lot on enhancing that quality of life for our residents; you're going to see that anywhere from Public Safety, to Parks and Rec, to the infrastructure in the clean water that we provide, trying to create that thriving business environment so that businesses want to locate in Cottage Grove and we continue to build that tax base from the bottom end up. Obviously, you told us back in May what is our number one priority, and that's to be able to retain our employees, be an employer of choice, and be able to recruit talent to be able to serve our community. So, you'll see that in our budget numbers tonight.

Now, what does the future hold? This is where I kind of look at that crystal ball and ask well, what does it really hold? Some of you can probably understand we're looking at a lot of economic uncertainty. I would not apply that to the third bullet, related to the presidential election; we always know that the economy kind of stalls and is a little stagnated as we look at what's going to happen going into the next presidential election. So, you may see that stagnation in Q4 or Q1 of the following year. So, until things stabilize, that could also play into our interest rates and what we can see in regards to that. We also know that we're still facing that strong labor rate pressure; so, our hourly rate that we're seeing is still a huge pressure, and we're not going to see that necessarily diminish going into 2025 and 2026.

One good thing that Emily will talk about is we do have consistent growth on the residential side of things, so that lot inventory is going to be a consistent revenue source

for us going forward and continuing to build that tax base. But just as we remind ourselves when we build that new house, we don't see the full effect of that tax benefit for two years; so, it may be great that we're getting lots of houses in the ground, but we're not going to see or really feel that effect for about two years.

One thing, too, is when we look at where we're going, we're always cautiously optimistic with positive assumptions; so we're trying to be glass half full, but staff can tell you the one thing I always preach all the time is reducing risk and liability. So, as we make the budget, we don't want to be too risky in our assumptions, so we'll show you where we've been conservative, and we can tell you where we've taken some of the conservative factor out to reduce that level of conservativeness. So, you can decide and give us direction if we've been overly conservative or not conservative enough.

As we talk about a lot of this, and looking at future projections, we want an organization that has things really in sync. It doesn't matter what part of our organization we are in, we need to still have the ability to see and ensuring that we're preparing for the future. So, you've heard a lot of that on the Public Safety side, but you'll start to hear some of that even tonight, through our different departments that will be presenting. As I mentioned, we're really challenging everybody to be thinking upstream and not just accepting the things that are coming downstream. What can we do upstream? So, tonight you'll hear a big one, as Ryan talks about trees. You may think how in the world does a boulevard tree actually matter to our budget? It actually has a huge impact, so we need to think upstream, how are we going to prevent maybe those expenditures downstream. You received the memo earlier this week about that.

Budget Overview: In the big scale of things, we're looking at \$56M, \$27.1M from the General Fund. We have \$2.6M in replacement for capital, so, all of our rolling stock; that's a lot, in regards to that, we're looking at 5 fulltime positions that we will be adding, and then we have 3 parttime positions. So, the departments today will go over most of those positions. Strategies: One of the big things is we're continuing to look at the FMP, that's really going to guide our future in regards to our decisions. Brenda is going to show you some of the tales of decisions that we're making because, right now, I'm a little concerned about where the 2026 budget is shoring up; the numbers are a little higher than we had estimated and anticipated. So, I want you to be able to see that, and she'll be able to talk about some of the changes that we've used that will affect the FMP. We know our labor agreements are really one of those wild cards for us right now. We're looking at 2025 and 2026 contract years for those, so we're trying to anticipate that.

As part of that \$2.6M for Equipment Replacement, we are proposing \$1.9M in Equipment Certificates. Council, we planned to use Equipment Certificates, we made that shift in our mentality a few years ago, but I'll tell you, what is the main way that we've always balanced the budget? Unfortunately, we've been balancing the budget a lot of times by putting off equipment purchases, and we're kind of getting to that point where we can't push off equipment any longer. So, that is why we are utilizing Equipment Certificates.

We're still using that onetime Public Safety Fund. The other thing, too, is on the IT Fund, you know we're going to take about 2.5 years to crawl out of that hole from our

Internal Service Funds, and we still have a lot of capital, nearly \$200K in capital; so, that's something that we still have to be really cognizant of as we move forward of what those Internal Service Funds are doing.

The one that's really concerning for me is our Municipal Building Fund; I'm not telling you to solve this problem this year, but I think it has to be in your mindset: What are we going to be doing for the long-term maintenance of our facilities? We increased the amount of money that we were levying for municipal buildings, but unfortunately I don't think it's going to be to the level that we need. We moved into this building in 2012, and we need to start thinking about some of those other investments. There are a lot of things, from garage floors, ceilings, and this and that, that cost money. I don't think we can solve this year, but I think on the horizon we need to be really thinking about how we invest in the Municipal Building Fund to be able to better manage our expenditures for our building maintenance in the future.

One good news is we have \$400K in unspent bond proceeds from the Glacial Valley Park Building as we didn't use the contingencies for that. Because of that, we'll actually be able to buy down some of the debt related to that, so that is a savings that was able to be implemented into the budget.

So, we're cautiously optimistic but we're positive with our assumptions of where we're going. You're going to see from Emily where our Building Permit Revenue is, we're projecting the same as 2024. Also, we're seeing that 2.4% increase in revenues, not including property taxes, and Intergovernmental Revenues. It's interesting because we're actually seeing in Washington County the property values for residential homes went down almost 2.5%, and in some areas, it was as great as 3%. And so you're going to start to see that shift in the tax burden, kind of shift back a little bit more to commercial, and you saw that reduction in residential in our commodities.

All of the staff, when they prepared their budget, they had to hold their commodities at 3%; so, just so you know, that's where the commodities and supplies lie in regards to that, as well as contractual services. Then, our Internal Service Funds, which Brenda will touch more on, had to have those increases between 9%-13%. As I mentioned, we're still anticipating strong investment in our Equipment Replacement.

But as we talk about risk management, we still are holding the actual budget contingency of \$275 for the FMP in your budget. Also, we're hitting your Fund Balance Policy at 50.7% of our 2026 budget. So, those are all really good things.

Accomplishments:

- We've been able to maintain our Fund Balances, which has been great.
- At the last EDA Meeting, we were actually able to establish a preliminary levy for the first time with the HRA, which is obviously huge because that will give us more transparency with the taxpayers with the investment we want to make in affordable housing and redevelopment activities in the community. So, you're going to see that \$137K shift out of the General Levy in regards to that.
- We want to maintain that Employer of Choice as one of our distinctions. We don't want to be like other communities that are struggling for Public Safety personnel, that can't fill their roster for patrol. We don't want to be those cities that are struggling to put plow drivers in trucks. It's important for us to still deliver our level of service to our residents; so, that's part of being an Employer of Choice.

- I hope today you see that we are trying to be good financial stewards of the resources that you all decide on and then every taxpayer pays, that you see what's in the mindset in the room tonight and next week, that we're doing that with a very fiscally conservative mindset in how we do and prepare our budget.
- Hopefully, at the end, you'll see that we are still committed to that exceptional level of service across the organization.

Administrator Levitt stated so, that is my lead in, and now Brenda is going to start with the numbers.

Brenda stated this slide will look familiar, it's the same slide that Rebecca from Redpath showed to us when she was here in June doing our 2023 Annual Financial statements.

The things that I look at on this are:

Property Taxes of 20,000-100,000 Population: Others are \$557, compared to us at \$492. Intergovernmental Revenues: Other communities are \$202, we're at \$679. The reason for that are the MPCA Settlement Funds that are coming in; some of these are being used for capital projects and operate our water system, so that skews that number. Charges for Services: Are higher because first, we're a growing community and so we have an increase in that number for the charges to developers; but we also have the ice arena and the golf course, and not every other community in that study has that. So, we look very favorable when we look at the rise in that. Expenditures: We look very favorable again in each category. In Public Works, we're higher there, but \$30 of our \$141 is for the MPCA Settlement, so, that is skewing that number. Otherwise, we're right in line there. Culture and Recreation: We're higher, and that's a good thing that we spend it on culture and recreation. One of the reasons for that is because we have an ice arena and a golf course, and not every community has that. Capital Outlays: Of course we're higher, as we're building, using water settlement funds there, so that's skewing that number, too. Debt Service: We're lower, so \$144 across the State in that population range, compared to ours; those are 2021 numbers and ours are 2022. FMP: We prepared the FMP at the beginning of 2023; we used this for the first-time last year when we did our 2024 budget, and so we are utilizing it again. As we do the 2025-2026 budget with the FMP, one of the targets was the median home at a \$100 per year except for the 1st year; we said we needed \$110 for 2024, and we ended up at \$78. Right now, for 2025, we're at \$108; that is based on conservative numbers in our Tax Capacity. So, when we get our final numbers from Washington County, I would think that that might cut down a little bit. We've got TIF District 1-12 that is being decertified for the 2025 budget, and so we just wanted to make sure that we know the effects of that, so that's a conservative number in there. In 2026, it goes up; we've got a 16% levy increase right now for 2026. We have capped some expenditures that are in there related to Operating Expenses that we're not sure of, and then also, as we issue those Equipment Certificates for heavy equipment that we're purchasing in 2025, that's going on that Debt Levy for 2026. We'll continue to watch that.

Fund Overview

Because we have some newer Council Members here, we thought it would be a good idea to discuss the different things that we do as a City. We have different funds that we use to budget: Governmental Funds and Proprietary Funds.

Governmental Funds: Are basically used for things that are tax supported, especially that General Fund. So, I call that General Fund our Chief Operating Budget here in the City; we use it for our Police and Fire Services, Fire Services, Street Services, Snowplowing Services, and Parks and Recreation Services. Things that when we provide those services, we're not giving a bill to the taxpayer. So, we need to generate the revenues to provide those services, somehow and we do that through Property Tax. Special Revenue Funds: Especially like our ice arena, our forfeiture account, our golf course, we want to track the revenue and expenditures from these services, but we're keeping them in the same fund so that we can see how those funds are doing across time. Proprietary Funds: Those are some of our businesslike activities, you might find those in private sectors. In some cities or some states, you might find water utilities that are privately owned and operated. So, that's why we have our Proprietary Funds; we want to cover not only the costs of providing the service, but we want to recover some of the depreciation, so that when we have to replace some of our capital equipment in the future, we have those funds available to do that. Internal Service Funds: Those are just allocations of shared costs throughout the organization. City departments, whether it's Public Works, Parks and Recreation, or Police and Fire, we're providing those services to them. Each department is not soliciting pricing for fuel, equipment repair, and insurance; we are better together, in aggregate, to get a better price. So, we have those funds to manage those large contracts. Personnel costs in the Internal Service are allocated to the Enterprise Funds and the General Fund. If we placed all these personnel costs in just the General Fund, we would not be allocating this cost to our Enterprise Funds.

General Fund - Chief Operating Budget for 2025

This pie chart we looked at in December for the 2024 Budget is pretty much the same for 2025: 69% of our costs are personnel, commodities are 6%, and contractual is 24%.

Revenue

As we talk about the General Fund being the Chief Operating Budget, we generate the revenue to fund those services through property taxes. The property tax portion of the revenue is very similar to the 2024 Budget, at 75.59%. Licenses and Permits: Since we are a growing community, licenses and permits are 8.72%, Transfers: We have a small portion of transfers in from that Enterprise Fund to pay for the cost of generating payroll for those Enterprise Funds and that was for administrative-type activities.

Cash Balances: Council, you have a multi-colored spreadsheet with the cash balances for the last three years. This is just a graphical representation; for the last three years, our General Fund balance looks like it increased a lot in 2023, which it did, but \$1.7M is the onetime Public Safety money that we received in December that we'll be utilizing in the next three years. Special Revenue Funds: Cash balances are increasing. Capital Project Funds: Cash in these funds fluctuate from year to year, as we accumulate cash for capital projects and then utilize that cash for capital projects. Closed Debt Cash Balance: As part of the FMP, we look for opportunities to fund some of our capital expenses and our operating expenses for the next ten years, and we have opportunities in some of our funds to do that. One of the ways that we identify those opportunities are

through this Closed Debt Fund, and there is \$2.3M in the Close Debt Fund right now to utilize that in future budgets to have our Debt Levy lowered each year so that our taxpayers will take advantage of that. We are doing that through 2032 where we're showing that that's going all the way down to zero.

Fund Balance Policy

I just want to touch on that. At the end of the year, we want to be between 45%-to-55% of our next year's budget, and so we're doing that. If we're above that range, then we can do transfers out of the General Fund to other funds. Per our fund balance policy, these transfers are sent to the Closed Debt Fund, Equipment Replacement Fund, Pavement Management Fund, and our Municipal Building Fund. Therefore if there is a budget surpluses at the end of the year, those funds receive cash per our Fund Balance Policy.

Council Member Thiede stated so that pretty much will not go into the Closed Debt Fund because you really haven't approximated or estimated what that's going into.

Council Member Olsen stated yeah, that's just debits; there are no credits included in that.

Brenda stated that is correct, although I caution that in 2022, we were unable to transfer anything to Closed Debt; at the end of 2023, it was a very small amount that we were able to, as we recovered in our budget cycle with the downturn in the Building Permits. So, I would think that that would be different as we end the year this year, but the last two years we have not been able to really increase that balance.

Council Member Olsen asked Brenda or Jennifer to explain for Council Member Garza how that Closed Debt works because it can be a little bit complicated.

Brenda replied yes, absolutely. The Closed Debt Fund receives inflows into the fund from the Fund Balance Policy for the General Fund. That is one way that funds are accumulated funds in there. Another way is at the end of a debt issuance; so, after we pay that final payment on that debt, there may be funds left in that Debt Service Fund, and we will transfer it here. Sometimes at the end of our debt, it might have a small deficit; instead of increasing the levy to pay that extra \$100K needed to make that final bond payment, we'll transfer it out of here over to that Debt Service Fund to make that payment. So, it goes both ways, and that's how we accumulate cash in there until we need it, and we can get interest paid on it.

Council Member Olsen stated yes, this is a very important fund.

Council Member Garza stated it seems like it's a holding place or a savings account, pretty much, to use, too.

Council Member Olsen stated well, some funds have statutory limitations on what they can and cannot be used for; Closed Debt gives the staff a little additional flexibility on how we can utilize those funds. So, as Brenda explained, when we have a debt issuance and we finish that off, our staff is really good at sort of navigating through that, so they budget very conservatively. So, sometimes we'll have a little left over in the pot, and it'll go in here for later use. Council Member Garza stated thank you.

Council Member Khambata stated pretty much whenever we budget and we don't end up needing the contingencies, that's where it ends up.

Debt Issuance

Brenda said so we're going to be bringing the CIP to you in a workshop, the first meeting in August. In that CIP, there's a preview of our debt issuance for the next 2 years: We're just under \$10M for the Pavement Management budget, the Equipment Certificates that we talked about, and we are building a water tower that we're going to need to bond for. The Golf Course irrigation project that was completed in the spring of 2024 was funded with an Interfund Loan with it through the EDA, with the understanding that we would be doing Equipment Certificates for that in 2025. In 2026 there will be \$9.7M in issued bonds which will include Pavement Management again, Equipment Certificates, and the Street Reconstruction and Overlay project. In addition, bonds will need to be issued for the Oltman ballfields, in order to utilize the grant of \$350K before it expires. Some of the issued debt will impact the property tax levy, but some of it doesn't impact the levy at all. For example, the industrial water tower or the golf course irrigation project, as the debt service payments for those projects will be paid by future area fund revenues and golf course revenue.

Council Member Olsen asked what is our current payoff schedule on the Ice Arena debt; are we going to get into that later? Brenda replied we are, and I will look it up; I thought it was 2027, but I will verify that.

Property Tax Levy Details

Brenda reviewed the property tax levy. Equipment Levy: As part of the FMP process, it was determined that instead of transferring funds from the General Fund to the Equipment Replacement Fund, it was more transparent to have a separate Equipment Replacement Levy. A \$1.7M equipment replacement levy is needed each year to fund the equipment that has been identified to be replaced in the next ten years. This levy is proposed to be \$700,000 in 2026, that is part of the reason that we have that large levy increase in 2026. Park Capital Levies: A park capital fund levy will begin in 2026 at \$190,000. Currently, we have our Parks Capital Improvement Fund that funds park improvement projects, and it's funded right now with antenna revenue. Due to the number of parks in the city and the amounts that are needed to fund those improvements, additional revenues are needed. HRA Levy: This is the first year of the HRA Levy.

We look at not only a median home, we talked about that at \$108, but we also look at four sample properties, and these are the impacts of the 2025, based on the budget, in the property tax levy in front of you. The average is \$149. I would point out that Property #4 has gone over that \$500K. Therefore, due to the market value exclusion credit and the tax capacity formula, it increases higher than our residential median home.

Council Member Thiede stated all those properties there are actually higher than our percent increase in the property tax.

City Tax Rate: The City Tax Rate is calculated by dividing the Property Tax Levy by the Tax Capacity.

Our City Tax Rate with the proposed Property Tax levy, is currently at 38.136%. The tax rate falls between the 2018 and 2019 tax rates. If we compare 2025 proposed city taxes on the median home to 2024 city taxes for other communities in Washington

Count, Cottage Grove will continue to pay the 2nd lowest property taxes in the County for the median home.

Council Member Olsen stated what's interesting is, and I bring this up all the time, but we're second lowest, and the lowest, St. Paul Park, is buoyed by tons of Local Government Aid (LGA) that we don't get, and they get a free gift from the State. But for that LGA, we would be the lowest in the County, right?

Brenda replied we would be, yes.

Council Member Thiede stated so we're right now showing a preliminary that's double of Woodbury, so we're probably switching spots. Mayor Bailey stated no, we won't. Council Member Olsen stated no, because the percent is larger, but the dollars are less. Council Member Thiede stated well, 12% and they're talking about 5% to 8%. Mayor Bailey said, yes, but look at where they're at already. Brenda said we must look at the city property taxes,

Council Member Olsen stated we must look at their dollars and their Tax Capacity.

Brenda said right now, in 2024, Woodbury pays \$1,297 on that median home; so, even if they go up and we go up \$108, we would still be lower since the median home will pay \$1,288 in city property taxes. Council Member Thiede said okay.

Brenda said this slide is growing communities of over 40,000. We could jump in front of Maple Grove on this slide if Maple Grove has the same Tax Capacity and a 0% levy, but we wouldn't expect that, so it still looks favorable.

Council Member Thiede stated so, go back. In Cottage Grove our median is \$362,200, Woodbury is \$469,900; so, if we have the same, and we don't know what kind of square footage that is, house wise. So, probably in the same square-footage house, in Woodbury, you'd be paying less tax than Cottage Grove.

Brenda replied what I think it means is that I can buy a better value house in Cottage Grove and pay less in taxes; a median home in Woodbury is \$469,000 for 2024, in Cottage Grove, our median home is \$362,000.

Council Member Thiede stated so, when we say median, that's the median of value, not necessarily the size of the house. Brenda stated that's correct, median value. Council Member Thiede stated so, if I was coming down to look at a 2,500 square-foot house in Cottage Grove, compare that to the 2,500 square-foot house in Woodbury.

Council Member Olsen stated you'd pay less. Council Member Thiede said I'd pay less in Woodbury? Council Member Olsen said, no, you would pay less in Cottage Grove.

Council Member Thiede stated I'd like to see those calculations if we can find them. Brenda replied we will work on that, yes, of course we'll do that.

Mayor Bailey stated it's good you bring that up because even the value of homes in Woodbury, with their Tax Capacity, that's why you're seeing a lot of Woodbury residents now living in Cottage Grove, because they're getting the same or better house in Cottage Grove for less of a price and less taxes.

Council Member Thiede stated well, that's what I see in Cottage Grove.

Mayor Bailey stated well, that's not changed. Council Member Olsen stated my house in Cottage Grove is bigger than my sister's house in Woodbury, and she pays about \$350 more a year in taxes than I do.

Brenda asked if there were any other questions for her.

Council Member Olsen asked on this slide about basically metro wide, which I know you got from the League of Minnesota Cities, because I look at it all the time, too; Shakopee, which is the fastest-growing community in the Twin Cities, gets a ton of fiscal disparity that we don't get. Can you maybe explain in a rudimentary fashion, for somebody who might not know what means, why that matters?

Brenda replied fiscal disparity is trying to level the field for commercial and industrial growth communities throughout the metro.

Council Member Olsen stated if you think about Shakopee, they've got Canterbury Park, which is a whole lot of land that's dedicated to their horseracing and all that kind of stuff. So, what the State does is they supplement them for having a lot of their square footage dedicated to facilities like that, and that's where the fiscal disparities come in because they can't use that space for what we use our space for, which would be in our Business Park, for example. So, it's seen as a benefit, as a state benefit, and they also have a rural component and rural tax rates, and urban tax rates are different. Even though they are growing leaps and bounds, and they have a lot of cool stuff going on, they don't have to pay as much in property tax as these other communities who don't get these fiscal disparities.

Brenda stated and you'll see a shift in fiscal disparity in probably a couple years. The West Metro last year had a big shift, and they were super concerned about their fiscal disparity calculations; we may see that here in a couple years.

Council Member Olsen stated so, Mayor Tabke, who's now a State Representative, is somebody whom Myron and I know, he talks about that a lot, how that's a real advantage for that community; but the party's not going to last forever, it just isn't, so, at some point, they're going to have to pay their dues.

Brenda stated if there aren't any other questions for me, I'm going to turn it over to Emily.

Community Development

Emily stated I always get excited when I get to give an overview of the Community Development department and what we do. We're unique in that we get all phases; so, we start long-range planning, we think 10 years ahead, right? And then we deal with our development, the immediate Zoning Code, and we're hands on in all that development that's happening out there. We navigate the building permit process and then the building inspection process. In addition to that, we're even navigating through the build environment for our property maintenance, rental inspection, and our rental license program as well. So, we're navigating enforcement programs for our rental licenses, we get the full gamut. I'm always very proud to talk about our department and the diversity that we have and all the parts of the growth in this community that we touch along the way.

2024 Accomplishments:

- Sign Code: I'm sure it's still fresh in all your brains. I'm very proud as our planners worked hard from a legal standpoint; for those of you who have any questions about the Sign Code, please stop by and we'll be more than happy to take them.

- Residential Development: Continues to stay strong; residential growth with the new home permits in 2023 was 249 lots, and we'll talk more about how that compares to where we're at today, in 2024.

- Industrial & Commercial Development: Again, steady through 2023, and we're looking out to 2025 goals. Goals:

- When I came back to the City about 5 years ago, there was some land actually available on the north side of the City and we're full. So, we're taking this opportunity to think longer term, upstream thinking, as Jennifer's always telling me that, let's think ahead. This is our opportunity: So, we're thinking ahead to 2025, working through that Housing Study to understand better what this community can afford, and then, of course, our small area space that we're navigating at that future 100th Street and Innovation; again, helping us to look ahead and understand where we can start to plan for that future growth.

- Continuing to find ways to educate the community. I think that correlates directly with our calls for service, which our department wholeheartedly takes seriously every day when we come into work. Helping folks understand our standards and our ordinances, the building codes, our property maintenance codes, helping them understand what the standards are. Of course, in turn, it will make our jobs just a little bit easier, and in the end, it'll be way more efficient.

- So, when we were looking at our crystal ball, we take a lot of things into consideration. One of those is how full and diverse is our housing stock. As you can see, the community is diverse; we had a little lull there where we didn't see a lot of multifamily housing, but we've seen that over the last 10 years. Population growth, of course, correlates to the homes, and obviously, our population continues to grow. In 2023, between the 2020 and 2030 projections, we're already trending high in that population growth number.

Total and Vacant Lots: For the same time, 2023 and 2024, it's just fun to note with the grand total at the end, we're staying quite consistent; of course, that's over a 12-month period. There was a time where there was a lull in 2022, coming into 2023, and we got a little bit nervous, to be quite honest, but we're feeling much more comfortable with where those numbers are and those lots that continue to be built.

Now, thinking 2025, thinking about developments that are still knocking on our door: Graymont Village, the final phase of that development will come to fruition by June. You'll see coming to your table in the coming months Mississippi Landing, one of the projects that we'll start to see in 2025, and Summer Valley, which will be on the north side of town. So, 581 total lots, if you look at the map, heading into 2025. Council should feel much more comfortable because we're going to stay on that trend.

Then, of course, multifamily; again, we're hopeful to see more of our projects start here in 2024, and of course to have those projects completed, and then Rohrs over on East Point Douglas that we're hopeful to see begin in 2025.

Building Permits: In addition to lot inventory, of course we look at building permits to date, and this is a great indicator of that, too: 247 to date, a year ago it was 391. So, as you think halfway through the year, we're awfully darn close to that total number.

Diving a little bit deeper into those building permits, I separated them out. Of course, we look at new homes and all the other permits that we get, commercial, etc. We do split out the homes because that valuation is typically higher, so when we look long term, we take that into consideration.

Again, as you can see, we're halfway through the year and look at that middle block, that was all of 2023. So, we're trending right in line with where we were last year. The same with valuation, this middle line again is 2023 valuation, this green line on the end is where we are right now in 2024; again, this is helping us feel more comfortable about the next year to come and we will continue to stay consistent with this.

I will not take credit for this spreadsheet, this is all done by Finance; however, it is in front of you in case you want to look at it in any more detail. I took a snapshot because we did, like I said, in 2022-2023, we said well, we need to be a little bit more conservative when we think about 2024. So, we took a step back and reduced about 6% for 2024-2025, even thinking of potentially 2026. However, with everything that we've seen in all of our data, taking note that we're feeling more confident that we can put that 6% back into our projections for the valuation and our revenue. Noting that we did perhaps recognize that commercial might reduce, but we also know the School District is planning their projects starting in 2025, extending into 2026. So, in 2025, we added in that permit valuation for Park High School and Oltman Middle School projects.

Community Development Department Overview: I'll remind you that we added a fulltime building inspector in 2022, but we held that position out of the budget for the last almost year and a half; so, we're simply looking to add it back in. However, we're thinking to add it back in as 2 seasonal instead of 1 fulltime. As we transitioned to the Community Development Director position, we held that position open for a bit and filled that senior planner position with an associate planner. Diving a little bit deeper into 2025 and 2026, the specific impact that you'll see is in planning and zoning, as we'll be talking about the 2050 Comprehensive Plan update; it seems like we just solidified that 2040 plan. That will start and we'll get some fiscal statements towards the end of 2025, starting that process in 2026. It's typically about a three-year process, so we'll have to have the plan updated by the end of 2028. So, it's spreading that cost over those three years. We're a growing community and so it's so imperative that we do take the time to navigate through that entire update process. It's again set up straight thinking, thinking that in the ten years, making sure we're evaluating all of the things that have happened, where we've come and where we're going to go. So, that's the biggest change that we're looking at.

Inspections: Like I said, because we're adding that position, it has been a fulltime position that we even held back last year, and we're anticipating adding that fulltime position back in 2025; however, recognizing we really need the support to be efficient between April and September, so that seasonal building inspector creates the most beneficial position in our department during that time. Of course, after our conversation in January during the Strategic Plan, we talked about the importance of having us focus on that proactive code enforcement. So, splitting this fulltime position into 2 seasonal

positions, we get the benefit of course of a seasonal code enforcement officer, who can focus directly on that proactive work that we want to see in the community.

Brenda stated Council, there's a sheet in front of you that looks like this. At the top is where the levy is at today, and certain departments are talking about maybe a budget addition or a piece of equipment that got delayed or cut. If you wanted to add it back in, those are the numbers that you want to look at to see the impact to the levy. About every \$25K is a .11% levy increase.

Administrator Levitt asked Brenda if she would just explain the budget addition for the inspector. Brenda replied yes, that is the difference between hiring a fulltime inspector vs. the 2 parttime seasonal inspectors that were discussed; so, if you wanted to remove those 2 seasonal and hire a fulltime, then that would be another cost of \$48,500.

Council Member Olsen stated I know you talked about property valuations briefly in your slide. We saw Washington County property tax valuations were decreased for the first time in a long time in 2024, but based on what I'm hearing and seeing, it looks like there's been some adjustment in an upward fashion for 2025. Have you heard anything?

Brenda replied no, I have not seen anything for the 2025.. In our FMP, we do a 2% growth increase per year, so that's what we've got in there for 2026.

Council Member Thiede stated Washington County's projecting a levy of 5.9%; Mayor Bailey stated that is correct.

Administrator Levitt stated I would say when it comes to park facilities, they have funding outside of the County and don't rely on taxpayers. They don't build water towers and water treatment plants or any of those other infrastructures; so, they have a lot of service infrastructure that we maintain that they don't.

Mayor Bailey stated I talked to Karla, our County Commissioner, and she was telling me that they're hiring like 6 FTEs, but it's all coming out of that State Housing Fund money because they need somebody to run a shelter, etc. She was telling me all about it; so, I asked her, if you're doing all that, how can you be at 5.9%, it doesn't make sense to me. Well, they've got all these other buckets of State money and Federal money that's covering those things, so it doesn't come out of their general levy.

Administrator Levitt stated they're also holding a lot of positions empty and not filling them. The reason they're doing that is because salary increases are greater, so they're just not backfilling the positions. So, that's why they're hoping to bring it in at 5.9%.

Parks and Recreation

Zac stated every year I like to make sure I thank the Council for making Parks and Recreation a priority in Cottage Grove; I know that's not always easy to do, but clearly, we passionately believe that a good Parks and Recreation system is a benefit to the community and those investments make for a stronger community. So, thank you for that. Obviously, we receive the multiple accolades and the emotional support we get from you guys all the time, so I truly do appreciate that. Our team of staff is kind of meant to be dreamers; that's good, that's what we do in our industry, even though resources are limited. So, we just appreciate the fact that we can talk through those

things, pitch ideas, talk about services that we want for the community, and then decide what's best for the community together. We appreciate that.

Mission: To create and promote quality programs and places that enable active living that improve health, wellbeing, education, and vitality of our community. Those key service areas are parks, our open space, trails, horticulture, natural resources, and habitat. We have the ice arena, the River Oaks Golf Course, the Eagles and River Oaks Event Center, and then recreation services.

Overview: In total, it's about an 8% increase from \$7.327M to \$8.028M, but remember that there are also revenues that will help offset that; so, when it's all said and done, we're closer to that 3% growth because of the offsetting revenue. We'll get into more detail on that.

Park Maintenance

2024 Accomplishments:

- Glacial Valley Park Building that you were all at not too long ago.
- We updated the Woodridge sports lighting, converted that to LED.
- Replaced playgrounds at West Draw, Nina's, and Granada Park; they're all open for play now.
- Managed to have a record setting facilities/event use here, and that trajectory just continues.

2025 Goals:

- Looking at starting to build the Denzer Park, over in the 100th and Hadley area.
- Playground replacements at Hardwood and Belden Parks.
- Next sports lighting project will be at Hearthside Park.
- All our picnic shelters at Pine Glen and Pinetree Pond Parks.

Budget Impacts: We're at 3% or less with our commodities and things like that.

Obviously, inflationary items like motor fuel, turf products, and utilities are out of our control. In terms of just any budget additions, there really are none for Park Maintenance this year. However, I want to note that in 2026, we are proposing to get some additional funding, with a Forestry Service addition. We just cannot continue to keep up with all of the open space and tree removals that are out there; tree removals, tree trimming, tree disease, whatever it is, so we have a \$30K Budget Add Request for 2026. What we're finding is with our trees, parks, and open space, our whole crew was out there for 2 days removing 1 tree: well, that's 2 days of 8 people, every FTE, removing 1 massive Cottonwood tree. We just can't keep doing that; plus, probably liability wise, it's probably safer that we have a company remove large trees like that, especially when they're next to adjacent properties where we could cause property damage. Again, that's a 2026 Budget Addition, but we want to get that in front of you.

Zac asked if there were any questions on Park Maintenance.

Council Member Olsen stated I know you're probably going to get into this in a little bit more detail, but we've had a challenge I think in some cases with all the rain that we got and all the rest of it causing some difficulty, particularly at Kingston Park when we had Strawberry Fest. So, what are you dealing with in terms of trying to kind of get everything back up to where it needs to be? Have you had to put forth any additional

effort around reseeding or putting dirt on top of some of those fields that got rutted up or whatever? I'm just curious if you guys are kind of caught up on that or catching up on that.

Zac replied yes, we did roll it right away, which helped. We kind of have a unique way of rolling it out, and I'll let Tim chime in, too, in a second. Kingston was originally built in 1986, and it is at a point where after 40+ years of mowing and whatever else and play in the same areas, right, we try to move things. There is a point where you just have to redo the fields, right? You must regrade them and kind of start over, and we're looking at doing some of that, but I'll let Tim chime in about the recent event.

Tim stated like Zac said, we rolled it right away, let it sit for a day, rolled it again because it was still wet when we did it. And then we'll go in this fall, in mid-August, where it's more ideal seeding, and we'll be topdressing and reseeding and probably doing our second or possibly a third topdressing of the field, too, up there, just to try to get that established a little bit better for next year. I just talked with the Minnesota Sodding Company, and they have some different techniques they can use where basically they cut the sod off, but they don't cut it all the way off, so you still have the root mat, and then they do their work and it'll grow back. So, we're looking at different options of how to do something we're not accustomed to doing; we will usually contract that out, but it's kind of at a point, like Zac said, where you either completely start over or it's just an option to do something like that. Again, with the irrigation services up there now, they are approaching 30 years old, so we're starting to have some issues up there, and we have to start looking at replacing all that. Timing and how it all plays out, and how we hear on how to do it successfully, that's generally it.

Council Member Olsen asked what about the other big parks, Hamlet, Highlands? Are you guys experiencing some of that?

Tim replied not as much, because they don't have the same kind of traffic that Kingston does. Irrigation wise, yeah, they're getting old and need some repairs, stuff like that. Hamlet drains better than Kingston does, Kingston has a little heavier soil up there, so those all seem to be doing okay. But Kingston, again, is a busy park; not just community events, but the events with big rentals up there, and those fields just, they take the abuse.

Council Member Olsen stated yeah, you could really see it after Strawberry Fest, which I'm sure did not do you any good, but it sounds like you guys addressed it right away. At some point, we're probably going to have to fix it to see if we can avoid that in the future.

Zac stated well, that's the proposal to do that here very soon; we're really going to do a lot of work here before the end of this year to start the planning for that. Because those systems that are inground, those irrigation systems, they're older than River Oaks; so, at some point, if you put PVC in the ground, it doesn't last forever, right? The new systems do last forever, but we have 3-or-4 parks with very large irrigation systems that are all PVC that are 30 years. But right now, we must do our homework and then figure it out from there.

Recreation Services

2024 Accomplishments:

- Managing the Glacial Valley Park program and facility rentals. Obviously, we started a new program there to great success. Facility Rentals: I think we projected about 40 rentals a year, and that's way in the rearview mirror already, we're above that; that's a very popular place for events. Maintenance wise, we're figuring out how to make sure it's a great area; there are things we're all learning on the fly, but it's working out well, and I think a lot of people are very happy.
- We managed to increase facility rentals in general and program registrations, too. That takes a lot of administrative work that often we don't always see; we see Safety Camp and we see playground programs, but we don't see that there's an administrative backbone to that, collecting money, handling customer service issues, marketing programs, etc.
- Pickleball Club: We just started that, which filled up lickety-split and has over 200+ members in it, and we're running leagues now, which started here about a month ago.
- We are studying a new software opportunity for registration and facility use, we're working with IT on that right now; we're excited to try to see if we can have a little more efficient system and maybe make it a little easier on the back end. There are a lot of complications with all of that, but we're working on it.

2025 Goals:

- Adding Pickleball lesson programs.
- Transitioning to perhaps a new software if it's warranted.
- We always try to achieve at least 45% cost recovery in your budget; this year, we're over 50%, so we're well exceeding that. Revenues are coming in as well or better than we expected maybe a couple years ago, since COVID.
- As always, we strive for the highest level of customer service.

Budget Impacts: Projecting a near 10% growth in revenue, and there are no major adjustments to operational expenditures except for that crew addition at Glacial Valley with an intern. Again, we're projecting over a 50% cost recovery.

Zac asked if there were any questions about Recreation Services.

Council Member Olsen asked you guys are benchmarking price points, I assume, with other communities to make sure we're competitive.

Zac replied yes, we went through that exercise pretty deeply last year, but of course we're always observers.

Council Member Olsen stated those pickleball things are, as I'm sure you're keenly aware, they're like unbelievable. It is simple enough, so if we're going to continue to expand that service, we just want to make sure that we're in the right ballpark price pointwise for lessons and rentals, etc.

Mayor Bailey stated Zac: One is something that was on the, I don't know if it was necessarily a Budget Add, where it says Park Rental Lease Budget. Do you see that? What is that?

Brenda replied that is for the increase in your Bond Cap rental, and then the Porta Potties are in there, on the next line.

Mayor Bailey stated so, that's Park Maintenance. He asked do we lease the Bobcat?

Zac replied the price of the Bobcat lease has gone up, I can't remember what that is, it's \$12K or 14K.

Council Member Olsen asked so, is the lease still the right choice?

Zac replied I'm going to defer that question to Adam Moshier, as he deals with all of the equipment maintenance.

Adam stated I would say yes, because just the cost of a Bobcat has gone up significantly, too; that's kind of what Joel at the golf course has realized when they went out to get a Bobcat. So, obviously, if you rent it, if we're at \$14K, we might be able to work out a deal with Tri-State for our current rental agreement. We would stick with the same Bobcat and our current rental agreement only goes up a certain amount of dollars, and that's what we actually did this year to keep it at a lower cost.

Council Member Olsen asked does that give you what you need, as far as usage, time of usage, functionality, etc.? Adam replied yes, and those are some of the most used pieces of equipment that we have.

Mayor Bailey stated well, that's why I asked. I was just curious about that.

Mayor Bailey stated for the first time in all my years of being mayor, I have had 4 phone calls this year about Porta Potties in our parks. So, when you say we're going to increase those Porta Potties restroom budget, is that because the price is going up, or is it because we're expanding?

Zac replied well, both, but we're projecting the price is up. So, last time we did it, it was a company called Jimmy's Johnnies, they were a family-owned company 3 years ago, and they had competitive pricing, I want to say \$55 a unit per week. The next lowest bid that year was closer to \$85; so, there was that big of a gap. So, we're predicting that this next time around, 3 years later, when we go out for bids, it's going to be closer to \$100 per unit. So, it could be almost double because LRS Portables, that corporate conglomerate, bought out Jimmy's Johnnies, so we're projecting the rates are going to go up at least 30%-40%, at a minimum. Also, every time you add a park, and every time you add a sports complex, the more units we put out. Every time we add events, we have to do more cleanouts; every time they come and clean out, they charge us. Now, we do back charge those, it's important to know that, too, to cut the cost.

Mayor Bailey stated all right, so, this would be for the cost of rents that you believe is going to happen when we go back out for a lease agreement with them for next year.

Zac replied as well as adding some new ones, yes. The additional units are minimal compared to what the actual price increases will be; the price increase is what you'll see.

Mayor Bailey stated Council Member Olsen mentioned something earlier, too, about the rental fees or whatever, and you guys have done an amazing job. My question for you is, and I'm going to use Glacial Valley, only because it's been such a popular building to rent; I also know that I think we learned a few things after we started renting that, like the type of paint we were using in there. Now, have we gone back through and redone it, or every time somebody puts a piece of tape on the wall, will part of the paint come off it? You know what I'm talking about?

Zac replied yeah, the plan is just to kind of touch it up, but eventually we're going to repaint the wall and do a more of an industrial-grade paint. We had to fix the wall systems at the beginning of the week and painted the entire room.

Mayor Bailey asked with the new paint?

Zac replied, no, with what was still there. We're getting rid of the stuff that was still there; according to the builder, that's good paint. It appears that maybe it wasn't primed properly.

Mayor Bailey stated oh, okay. Council Member Olsen stated so then we go back to our builder.

Zac replied I don't know how we would go about proving that, though, here.

Molly stated Jim and I are looking into like some of like a plaster, you know, so you would have a strip; you can clearly tell everybody hangs everything at the same height, so we've talked about and we're researching, because we don't want like that cork look. So, we're trying to find a nice white look that does and maybe not necessarily pushpin, but a really stickable surface on both the front and back walls. We're working on it.

Mayor Bailey stated well, yeah, and I saw that, and that's the only reason I'm thinking about this because if you guys must keep going in there to touch up paint to keep it looking great, I mean, that's more work that you have to deal with.

Molly stated and it's in both rooms; we're seeing it in our Rec room, too. It's going to need some love in the fall to get a solution; we will figure something out on the walls.

Mayor Bailey stated okay, well, that's the reason I'm bringing it up. I've seen it and then heard a couple things about it, so. Again, my goal isn't for Jim and you and your team to have to go in there every other week and touch up the walls.

Zac stated after the first weekend event, we kind of left it, we didn't have any complaints about it, but then there were a few more, so we were all right, let's go in and paint it and touch up from the bottom half of the wall. Molly stated we're working on it, it's on the radar.

Mayor Bailey asked but you haven't had issues anywhere else with our other parks, or is it mainly just this one?

Molly replied no; I mean, does every park need to be repainted at the end of the year? Yeah, absolutely, over the winter, but it's not peeling the paint off like it is there.

Mayor Bailey stated nothing against our other parks, but there's something about this park, it's a little more upscale, you know what I mean? So, I think you're getting the better, bigger parties.

Zac stated and the others all have Sheetrock on them that's painted. Mayor Bailey stated that's a good point.

Zac stated they love putting duct tape on steel doors and everything else, so pick your poison.

Council Member Khambata stated I must commend your projected revenue growth. Are there any fee-for-service opportunities that we're missing that we should be advocating with you, in terms of additional ways to bring in revenue? You know, kind of like the radio antenna rentals, or is there something else that we could be doing to help bring some more revenue in for parks?

Zac stated I mean, we try, we try everything. We try to get grants and everything else, and then our fees for service, those are the essential items; and those bring in the most bang for your buck, too, the fees for service and grants. Sometimes it takes a lot of research to chase small amounts of money, so we try to be a little more efficient and chase the big buckets of money. I think we're getting everything we can; if you know of anything that's out there that we're missing, let us know.

Ice Arena

2024 Accomplishments:

- Jordan stated we completed those locker room leases that we worked hard on for the high school program.
- We replaced the west rink cooling tower just a couple of months ago; that was a big project, we had a crane out there, and we got that replaced and didn't lose any ice, so that was good.
- Solar array installation is going up right now, so you've seen them throwing solar panels on the roof, and we're excited to start seeing the payoff for that with our energy savings.
- We installed the party light system on the west rink, so we've been able to take advantage of that. It's a cool system and I think especially come winter, I think people will really enjoy making use of that for public skating, birthday parties, or whatever it is.
- Of course, we're on Phase 4 of net profit again for the Ice Arena, which is consistent for the last few years.

2025 Goals:

- We must replace the west rink bleacher heat; that was originally installed in 2008, so it's just at the end of its life. It will also be a little more energy efficient because it will be staged heating instead of just full-force heating.
- We do have 3 places in the north rink to dehumidify our desiccant wheel; that's about a \$150K dehumidification unit, which is critical to keeping the ice thin in the rink 12 months out of the year. We think we can replace just the wheel, that wheel is what sucks up the moisture, so we'll replace that. That's one of the Budget Adds in there, and we can extend the life of that for maybe another 10 years or so.
- Again, looking to record a net profit at the end of year with revenues exceeding expenditures.
- As always, continuing to deliver great customer service and great experiences at the Ice Arena.

Budget Impacts: \$45K net profit is projected for 2025; then we have \$50K bleacher heat and a \$32K desiccant dehumidifier wheel.

Jordan asked if there were any questions for the Ice Arena.

Council Member Olsen asked how your ad space and ad revenue is coming along; I know this last year it looked like you had sold quite a bit.

Jordan replied yeah, so that's still projected to stay on track with that. We just went to an agreement with Holcim; they came in and wanted to advertise with us and spend some of their dollars with us. So, that continues to flourish and stay steady.

Council Member Olsen stated okay. I had a chat last night with Jeff Corkish, and he was talking about some of the facilities updates at Park High School and how that could potentially impact the Ice Arena. So, I'm just curious if you guys have talked to the school yet. I know they passed a referendum and they came before the Council and showed us some stuff, but have they been in touch with us about any facilities planning that could potentially impact our space?

Jordan replied yeah, so he shared some of their original planning for the high school expansion, but everything they've showed us has been preliminary; so, we're still trying to figure out where the roads are going and all that. Jordan replied yes. They shared some of their original planning for the high school expansion, but everything they've showed us has been preliminary; so, we're still trying to figure out where the roads are going and all that. We're trying to take advantage of that where we can, especially for parking.

Council Member Olsen stated yeah, that's a big part of it. And Corkish was saying something about some additional movement in the space behind the Ice Arena that could open some additional parking. Then he also talked about workout facilities and expanding the workout facilities in the school. Coach Staley is looking to increase his footprint there so he can accommodate both boys and girls, and I know Coach C has talked about that, too; and what that could potentially do is eliminate or minimize the amount of time and space they must spend working out at the arena. So, maybe there's a way to figure some things out. I don't know if that's something that needs to be addressed right now, but just put it on your radar that these conversations have started. When are they going to do most of that work, is it next year?

Jordan replied next year, some of that is next year.

Mayor Bailey stated first, amazing job this year. You're making a profit in this Ice Arena, which is frankly unheard of, so fantastic job. He said obviously we have the naming rights on the east rink, the main rink. He asked to have we tried anything else on that other rink, or even the small rink; any thoughts on that?

Jordan stated we haven't yet; we haven't really pursued it, like chased anybody. Has there been interest? A little bit. I know like Summit Orthopedics has expressed some interest, TCO has expressed some interest in maybe doing some naming rights; so, it's still sitting in the background a little bit. We're still here and I'll certainly do that and see what we can maybe accomplish with it. I honestly thought when we did the naming rights on the north rink, I thought maybe that would kind of push a little bit for the west rink, especially some from Woodbury because East Ridge uses that rink a lot. It hasn't happened yet, but I'm still a little optimistic.

Mayor Bailey stated I've heard those 2 that you brought up have expressed interest, so I didn't know if you had been in contact with them yet.

Jordan said it's simmering in the background, and I have talked to them, yes. They said not right now but reach out in the future and that future is coming up.

Mayor Bailey stated okay, perfect. I just have the feeling that 1 of the 2 are going to take the other rink just with the feedback that I'm getting, which is good. I don't know what the amount is, you guys will have to figure that out, but that'll be another revenue source that you're going to have, which is good.

Brenda said there was a discussion about the bonds. So, the 2016A Bonds, which were used for the expansion of the rink, our bonds will be paid off in 2027. The 2019B Equipment Certificates for the refrigeration will be paid off in 2029.

River Oaks Golf Course

2024 Accomplishments:

- Record revenue on the year for both the golf and the clubhouse side.
- We did an irrigation replacement project, fully completed this past spring.
- Updated the clubhouse interior, which shows you more of the patio improvements; we've had a lot of positive feedback on that.
- Still on pace for a record net profit again this year, as there's a lot of seasons left to go.

2025 Goals:

- Self-serve range ball machine is something we're looking to purchase. We had one years ago, but that was where you had to put your money in or swipe your card to get the ball handed to you. Dennis said he realized how many times those golf balls had to be touched to get out to the driving range, then get from the driving range back in, and put in the bucket. They had to be cleaned, put in the buckets, and bring them out. Now, with this machine, they can just load the machine and go out. It's a pretty modest investment when we think of all the time that adds up every time, we have to handle those golf balls.
- Continuing to look to repair golf cart paths where we can. We're also getting help from Parks and Public Works.
- Replacing a couple of greens mowers; obviously, those are integral to our golf operation, making sure the greens are in the finest shape possible.
- Replacing and upgrading the patio furniture for the clubhouse.
- As always, delivering great service and continue to record a profit for River Oaks Golf Course and Events Center.

Budget Impacts:

- We do have that irrigation loan payment, and when I say we record a net profit, that does include paying off that irrigation loan; so, we're still recording a net profit after we pay for that.
- Range ball machine, \$15K.
- 2 Greens mowers, \$150K.
- Cart repairs, \$29K.
- Patio furniture, \$70K.

We have Joel and Dennis here to help answer any questions.

Mayor Bailey stated again, amazing job. When you think not that many years ago there was a discussion about maybe just closing the golf course because it wasn't generating

revenue, there were lots of issues, and you guys have done an amazing job of turning it around. So, please, just like the Ice Arena, please pass along our appreciation, I'm sure I can say that for Council, on the great work you guys have done down there.

I love the idea of the patio, I think I've been bugging you about that for a while. The only other one little thing on the patio side of things, is you know how they have those screens that go over the pergolas, just to kind of take the sun off you. I don't know if you're planning to do that, but that would be nice on those days where the sun's beating down on you. I've eaten out on the patio the way it is, we all have, I'm sure, and it's amazing with the view and the vistas looking to the river, it's beautiful. But sometimes it gets a little warm out there if you don't have the umbrella. So, that was my only other ask of you on the furniture side of things, but I think you guys are heading the right direction.

Council Member Olsen stated you guys have done a really nice job if you look at the landscaping, especially the flowerbeds etc. by the patio, it's really pretty. Boy, it looks good; my wife's a plant person and so when we come there, she just gets all giddy about all that stuff, and we need some of that. You guys have really made it look nice. Even out in the parking lot, the islands are just gorgeous there, they're really well put together, and I think it just adds to the experience. Like you walk in and you see how beautiful that is, to me, it just says class.

He said a couple things I was hoping to talk about: Zac touched on cart paths, and I noticed you said we're doing what we can, kind of when we can, we're trying to take care of it inhouse. What is the long-term view of that? Like when do we think we'll be able to really have those cart paths back to where we'd like them to be, and what would it take to get there?

Zac replied it's doing really well. Part of it is when you do the paths, you also take care of the problem that caused the problems; but I'll let Joel and Dennis talk about that, but we're making good progress.

Joel stated I want to say with the help of Public Works and the Parks and Rec Departments, it honestly wouldn't be possible, and Jennifer allowing that to happen. I think we've been off quite a bit in the last couple years, we have a good plan in place for the next 2-to-3 years to take out the problematic areas and replace them. I know this year we've done Hole 17, Holes 2 and 3 and 1. Last year we did Hole 15, and it just comes down to time and money and that balance and the next point. Anytime we do these things, we talk to Parks and Rec and Public Works; it's like well, before you do this, you need to take out the tree because the roots typically are the problem. So, I think we've done a pretty good job, I do think it's going to be an ongoing process. I think if we get to the point, probably 3 years down the road, I think 95% of it is good, but I think we're going in the right direction.

Council Member Olsen stated so, it's just kind of a progression, year over year.

Joel stated so I think about 2 years ago, we started actually allocating money into the budget to replace these. Again, that wouldn't be possible if we had to outsource this, as it's pretty expensive.

Council Member Olsen stated that's kind of what I was looking for was doing it inhouse vs. outsourcing; obviously, we're saving a lot of money. If we were going to just

say okay, we're going to do this in one fell swoop, what would that have looked like. Obviously, the parts that have been done look nice, and I'm assuming you have Gary and his team over there doing their magic, and they do magnificent work, but the difference between some holes and other holes is noticeable. So, as long as there's an ongoing plan to do certain areas and then it'll be all done, I think the public sees that and can feel good about that.

Council Member Olsen asked on the banquet side, I know your banquet business has been really good, how have you been managing that? There's been personnel issues, different things that we were trying to work through, are you keeping up? Are you doing okay? Because you're getting a lot of stuff happening down there.

Dennis replied stated yes, we're getting by. The last few months have been a little challenging with personnel, but we do have a new chef; I feel good about him, he's got a lot of great experience and he fits with our personnel really well. We had a meeting to talk about all the different events that we can start bringing out again this fall and winter, so we just kind of do what we must do. We just want to make sure that we're doing the events that make sense so we're being able to make that profit. Because there are a lot of times when we run in circles, to try to chase it a little bit, and that's the hard part, to balance it out. So, I think we're on the right path.

Council Member Olsen said thank you, and thank Courtney, too, for all of her hard work.

Council Member Thiede said back to the golf course, how much of this outside irrigation loan repayment is covered by revenue processes? Brenda replied all of it. Council Member Thiede said all of it? Okay.

Council Member Khambata stated I still have to say municipal golf courses are really struggling to even stay open. The fact that you guys are covering your own costs speaks a lot of the operation that you guys are running, so great work. I was also especially happy to see, as I think there was some conversation when we originally did that irrigation loan on whether the revenues would match the payback, that that's going according to plan and yet there's money in the budget to make incremental improvements in infrastructure. Because I think that's where a lot of other municipal golf courses really got bogged down is it's easy to push that stuff out to the point where we have to bite the bullet for an irrigation type of improvement, so great work.

Mayor Bailey stated the only other question I had on other things was bocce. I saw somebody on social media say they were on a league; so, are you doing leagues out there?

Joel replied yes, so last year we started our leagues, and this year we have summer leagues on Tuesday, Wednesday, Thursday nights. So, that's anywhere from probably 32 to 40 players each night; I think we're just short by 2 teams going into fall, which will be on Tuesday, Wednesday, Thursday nights also. So, people come down, they train, and they have a good time. We're trying to look at all those things that we do down there, as it's not just a golf course, it's for the community. Obviously, golf probably

brings in 85% of our business, but we're always trying to expand into different areas to see if we can find other things.

Mayor Bailey stated and that's part of the reason I brought it up, was it's just another source of revenue, but also another source of something for the community to do, something different at our municipal golf course.

Zac stated the Woodbury Parks and Rec Director plays bocce ball here; she tells me all the time about how great River Oaks is, and she never says anything about Eagle Valley.

Mayor Bailey stated I just have to plug in there I know the Woodbury Mayor plays here because I see him there, and he made that comment to me.

Council Member Olsen asked do we have room there if we ever wanted to do like a mini golf course, a 9-hole mini golf someplace, do we have the space?

Zac replied well, we've talked more about doing like a smaller golf course, right, like a 4-hole or 5-hole; Council Member Olsen asked like an executive course? Zac replied yeah, so if somebody can play in like 30, 40 minutes, if someone's on their lunch break.

Council Member Olsen asked like a 3, 4-hole loop, caricature course, we've talked about; we can call it the Fischbach 5 or something like that. Mayor Bailey said you're going to use that, I know it.

Zac said but I will say the inline putting green is kind of meant to do a little bit of that and just be a completely different experience. Because the whole mini golf thing is putting; I mean, we'll have a fantastic little course that's free, but you know when you go to these places, they're \$25 a round.

Council Member Olsen said well, I was asking because we actually spoke to somebody who does that when we were at ICSC; he mentioned it and he showed us some pictures of some public facilities where he's done something. I was just curious as Dennis was talking about we're trying to create this family experience where people can do different things, if that might be on the radar, but I'm not suggesting or advocating for it.

Zac said we've talked about it, we've talked about everything. Council Member Olsen said but I think the Fischbach 5's a good idea, I really do.

Dennis said I will be honest, one of our biggest challenges is the size of the parking lot that we have; so, we'll need to make it bigger because there's not a whole lot of room. On Thursday nights, when we have our leagues, when we have bocce ball and everything, we are backed up; so, to throwing more events in there, when you start thinking about all these other opportunities, we think logistically, how is that going to take up more of our parking.

Council Member Olsen stated that makes sense, you have to have the capacity for it. It's kind of like Park making the playoffs, we had enough room at the Ice Arena for all the Park kids. It's the same general concept, so, yeah, it makes sense.

Council Member Thiede said in some ways, from a logic standpoint, though, too, is you try to hit those times of the year where we could get better utilization; so, maybe when something slows down or something like that, then we've got money into different activities right now.

Council Member Olsen said it's such a nice facility, it really is, and you guys do such a good job of keeping it friendly and positive; and even all the parttime help, retired teachers and different people like that, I mean, that just adds to the ambience, the experience. Really, a tip of the cap to you guys, you've really made it a great spot in Cottage Grove.

Mayor Bailey stated the last thing, then, just to piggyback on what you just said, where would you expand the parking lot? Is there any space left in there? Could you go out further, like to the north?

Dennis stated you'd probably have to put a big net up because of that sinkhole. Mayor Bailey said that's why I was curious, because I know the trees kind of block it. So, I can't fit the cars is really what you're trying to say. Dennis replied yeah, you've seen it.

Council Member Khambata asked how's traffic going to go, is that RCUT going to make a big difference for you guys in terms of inflow and so on?

Burfeind replied it will be interesting. I don't quite know what to think, I mean, I worry about the safety of pulling out to the right and having to get over 1 lane really quick and make that quick turn and not really having that acceleration. But they'll do it right, so I've got to trust this new one, but it'll be interesting to see what happens with that. I know we will calm the fears of a lot of parents because that's the one thing I hear, they don't want their kids crossing, especially workers. So, we'll see; I think there's a meeting next week on this.

Ryan said I will say one way it can help flow is because it forces people to go right. If you watch people, they're like I want to go left, I don't want to go right so they sit there, waiting. This forces them to go right; so, they're not thinking like I'm waiting for that traffic. Even though they're not really meant as a traffic performance safety measure, it can help with traffic in that way because it just forces people to go right and get out of there.

Council Member Garza asked is the RCUT about a half mile? Ryan replied no, it's actually only about 600 feet down, so that is short. Council Member Garza stated so that should help with acceleration issues.

Ryan said there's a long history that MnDOT's been using these. I know in your head it's like how; and it's not always about, you can still have accidents, but with that right angle it's a rear end.

Council Member Khambata said and in order to get up to 70, you just have to get over, too, so you need a lot smaller break in traffic.

Ryan said it's like a roundabout; some of the cops think it's going to increase fender benders, but it reduces the severity.

Council Member Olsen asked what else do you have, Zac? Zac replied that's it, I appreciate your time.

Equipment Replacement

Ryan stated I also want to echo Zac and thank Council for their time tonight, as a lot of effort and hours go into preparing all of this information and we're looking forward to presenting it.

I also want to mention a new face tonight to some of the Council Members, Gavin, he's our Management Analyst, but he was our Forester for several years, part of the crew. So, he's jumped right in and Zac and I are always throwing things his way, so he's here tonight; he's learned about the process and all of the budgets so you'll see Gavin around a little bit more and his name on memos, so I wanted to introduce him.

Ryan stated as we jump into our 2-year plan here, maybe I'll look at both years, and then we can look at questions because they kind of play together. So, we have our more immediate Equipment Replacement for 2025; Adam had his typical memo in the packet with all the information on age of vehicles, the maintenance, and some of the different trends that we're seeing with the maintenance of those vehicles. We also have some new equipment for Parks, which is why we wanted to make sure we hit on it when they are here.

At the top is Public Safety, the squad cars and an engine. For Parks, we have the replacement of 1 more one-ton dump truck, Council authorized 2 of those 2 years ago, and we just got them last week. So, there's a very long build time on those; it's a 16-year-old piece of equipment so knowing the length of that time, that's one that we're targeting. Those are heavily-used vehicles, one tons are used for everything, hauling equipment, they're used in the dump box, whatever we may be doing.

Council Member Olsen asked is this the same, the long time, regardless of which vendor we have build the truck? I know we had changed vendors over the years, I'm just curious.

Ryan replied yeah, it's pretty consistent. A lot of that I think is with the ordering and the availability of the truck. We are happy with our current contractor and how they do the work, it wasn't an issue on there, and there was that availability of some of the equipment for the vehicle itself. With our large dump trucks, we are looking at making a switch from Aspen Equipment to Towmaster, but that's kind of a big move. That's more of a level of service situation we've been dealing with a lot, so cities and counties are going with Towmaster so we had a meeting with them with all of our equipment over the past year. So, that's something we are looking to do, so that will help with that, really the level of quality and level of service that we're getting.

Ryan said back to new equipment:

Parks: A 16-foot mower, as there's been a lot of growth in the parks system with all the new parks, Glacial Valley, Sunnyhill Park was expanded, Strawberry Fields Park opened about 1-1.5 years ago. There's a gator and a plow for Pickup 1409.

Public Works-Streets: We do have 2 single-axle dump trucks that we're charging for replacements for next year.

Council Member Thiede said well, let's talk about that first. I look at the maintenance costs for those, even before the other two, it seems like it has been a little bit lower; it looks like the maintenance costs haven't been too bad, they seem to do really good. I'm just wondering whether what the cost justification would be if we split those apart. We've got quite a bit of stuff on there, so what effects does it have on the levy? I look at the other lists and it's really dropping the Replacement Fund.

Ryan replied what I will say is because I will show the 2026 Equipment, there was actually 3 in the FMP for this year, so we've actually just pushed back 1 of the 3 single axles already, before bringing it to Council. So, that was already done. And, also, I know that the maintenance is less, but it is still \$258K, which is really the value of a new piece of equipment overall.

Council Member Thiede said well, that's the overall maintenance over the last 13 years.

Ryan stated yes, so, that unit is a 10, but it is 14 years old and there is about a 2-year time to get them. So, you are looking at 2 more years of being in service for these pieces of equipment before we get them. So, there are a lot of factors here. I mean, certainly there's a lot of equipment on the list, but I do want to show 2026 because there's a lot of equipment that we pushed kind of before coming to Council.

Council Member Thiede stated so just really quick, the other one is the Sewer Vacuum truck, again, another really high-cost vehicle; and it's interesting that in reference to the maintenance costs, it looks like there was 10 years separating a major kind of overhaul, which means the last one was in 2022. So, that's not what I expected to see and there was that in between there, there wasn't that much decrease in maintenance costs. So, thinking well, maybe that one for replacement, maybe that will kind of come down and you'll take advantage of the refurb that was done in 2022 and wait until maybe about 3 or 4 years to take advantage of that lower maintenance before you drop another \$700K.

Ryan stated well, I will say that the Sewer Vac truck that is obviously Enterprise Funds, that's half Stormwater and half Enterprise; so, that's not affecting the levy impact. Council Member Thiede stated okay.

Ryan stated with that, I really like to call our fire truck; from an age standpoint, its 25 years old, but that's a piece of equipment that we have 1.

So, with the plow trucks, we can look at maintenance, we can look at trends, can we handle some down time, right? We have 14 trucks, we have no backup truck, but if we lose a truck or 2 for a week or 2 in the winter, it's manageable.

That is our only Vac truck; it's used on a regular basis, too, for stormwater, which is why it has a Stormwater cost, but for sewer, it's really an emergency response. So, there were 2 times in the last 2 years where we had a failure, and the one in 2002 was major, that was a major sewer backup on Hadley. When you're talking sewer backups, if you don't have that Vac truck, there is nothing we can do; and then we're calling Woodbury or St. Paul Park, which you can imagine is that many more homes.

Council Member Thiede asked is there any chance that we can charge the costs associated with that impact, the impact of that, into essentially the maintenance costs so that it would reflect again?

Ryan replied it's not really about the costs of having to call in Woodbury or St. Paul Park, I don't know if they charge us; it's how many more homes have sewage in their basement. Because that's the price when you have a sewer backup, it's just trending its way up the line and it's going into peoples' basements if the lift station fails. So, if there's a lightning strike, we have different backups on a lift station, we have generators, but there was a lightning strike many years ago, and there was no way to operate that lift station that serves all of the Gateway North area. This thing is not about,

I don't know how you put a price on that. I mean we had claims on the order of \$80K to \$100K on that sewer backup on Hadley; I know they were denied by the League, thankfully. This is a piece of equipment that when you need it, you need it. It's hard to look at maintenance costs, because this is not used every day, so it's not going to drive up those maintenance costs. But when it is 25 years old, it is time to replace that equipment.

Alt said it's an emergency situation vehicle that you need, you need it when you need it. And we cannot rely on it right now; when Rick goes to use it, it's unreliable, and he doesn't know if he's going to make it to the call or not.

Council Member Thiede asked so what would typically then be the issue when it did go down?

Alt said in 2022, it was the pump, we go out there and it was backed up. So, I mean, that's something that you can't just fix, right? You've got to call in another piece of equipment to perform; and, fortunately, Woodbury was available. They assisted pretty much immediately and we got it taken care of.

Ryan said the other one, in 2023, I think that was a rusted-out bevel; so, they kind of get vacuumed, so that got through, so actually with the vacuum, there's an airhole, essentially, so that requires welding and refab. But I think there's been a lot of major welding; it's just hard, as that's probably one of my most important pieces of equipment. I know it's hard because it's higher stakes. I will add that because it is a need, in my mind, not a want, I wouldn't want to wait for this, but we are going to go to the Stormwater Watershed for a grant next year. Jennifer's been helping with that from the Stormwater perspective. So, we are going to ask for a breakdown, we'll probably ask for the whole \$350K with the Stormwater component; I think that's probably more than we'd expect, but hopefully we can get half of the Stormwater component paid for, so, about \$175K, to help buy down the overall costs. I think that the Watershed is pretty on board with that, they have no issue if we've already ordered it or approved it; sometimes, with a grant, if you already approved it, they'd say well, clearly you can buy it yourself. Part of that will actually be a commitment to maybe maintain some of their infrastructure with this piece of equipment, and that's why they'll help fund this; they just did that with St. Paul Park and Newport.

Council Member Olsen stated that's a good move.

Ryan stated I think this is another piece of equipment where you place the order, but you're not going to get it right away. This is all time based on challenges and the equipment that they can get. So, there is no guarantee that when we order, we're going to get it in 6 months or a year, it all depends.

Council Member Thiede stated this is probably the same question I ask every year, relative to like when you buy a car, the minute you drive it off the lot, it's 15-to-20% cheaper, right? Again, I know that trucks like this, they get ordered and bought and probably you don't see anything that just happened to be available that wasn't new. I know that sometimes there's certain costs in terms of putting certain equipment with compatible equipment, things like that, but I would assume that again we look at that now. Again, in some of those cases, if you kept tabs on some of those things, you might actually see something come up; that you maybe weren't planning on replacing

something, but instead of \$350K you might be able to get something 2 years old for \$200K or something like that or something along those lines.

Ryan said I would say for this piece of equipment, it's pretty hard just because it is so specialized, but yeah, for sure, pumping trucks or things like that, they do come up, and we follow those and look at those options.

Ryan stated there are a couple more of the bigger-ticket items that I want to hit on: The brush chipper, that's what obviously we're pulling behind our equipment to do that work. That's used by everyone but it's under the Streets Division because of Forestry, but Parks is using that heavily, and even Utilities. So, that's just a heavily used piece of equipment, same as the asphalt patcher. I believe that asphalt patcher was a used truck at the time; so, we ordered it and that truck was actually used when we bought it. So, that is like one of Gary's main pieces of equipment, that's how he patches the roads in winter and spring, not so much summer. Those are more heavily used, those are different; that Vac truck is just for emergency use and is not used every single day.

There are a few smaller items, that stand-up mower, especially how we're mowing all of our roundabouts and all of our hard to get to areas. There's a plow for pickup 1003. Then 2 other vehicles: A vehicle for inspections and a vehicle for building maintenance. The building maintenance one has been around and has been looked at with other budgets and approved, and it was just delayed, so we're looking to bring that one back. We're using a vehicle that was replaced with an old van, it was like a seasonal-type vehicle that we brought back into the fulltime fleet, so that equipment is quite old.

Council Member Thiede stated again, something like that, does it really have to be a new one?

Ryan replied I think we could look at it; there are more readily available like that, but we definitely can explore those options.

Council Member Thiede asked what makes a Malibu \$45K on a vehicle for inspections?

Ryan replied I don't know if it's going to be a Malibu, when we replace it, what it's going to be, it could be a Ford.

Council Member Thiede asked but it's staying that amount?

Ryan stated yes. You'd be surprised, we used to get good State contract pricing, and we're basically paying what a consumer would pay for a vehicle, which is frustrating. I mean, that is a huge impact to our budget; like ¾-ton pickups, we don't have any this year, but that's our bread and butter, right? Public Works, Parks, you name it. We used to get those built out for \$40K, and 4 years later, they're \$70K; so, I don't know how you put a price on that, we have completely lost our cost savings with the State contract. I don't know if that'll come back, I hope that'll come back, but that's hurting us pretty badly. That Malibu we did push, so that was in last year's budget, and we told Emily you're not getting it, so that's why that one's back.

Council Member Thiede stated I can see an SUV being \$45K because you pay more for an SUV, so I can understand that.

Council Member Olsen asked Ryan on that asphalt patcher, the one that we currently have, I remember when we made the change to that. You're going to have to remind me, but didn't we upgrade to a unit that enabled us to have less manpower in terms of who needs to actually work the program. Because at one time, we had a pull behind.

Ryan stated that was the paver, and now we have the track paver. But this was something where before I think you had the tractor, Gary, you were doing that out of a truck.

Gary stated with the trailer, you had to literally shovel out of it. So, to save their backs, it was killing their backs, they had to dig it out of there; so this one belts it out.

Ryan stated we are looking to switch to an auger, because we've seen a huge expense in the belts.

Gary stated 3 years ago we finally had to put in a third belt, we put in a new belt, and even back then it was like \$30K for that belt; I can't imagine what they are now. We will switch to an auger, which is a lot more dependable, less maintenance, and it still will auger it down to the level where the guys aren't lifting it over.

Council Member Olsen said so my point in asking is, is there such a thing as a piece of equipment of that nature that's going to enable you to have less manpower; hence, you have a labor savings, potentially, or you can reallocate the labor, or is that not necessarily the case?

Gary replied not necessarily because you still need to have a driver and we need the people to put 1-to-2 shovelfuls.

Council Member Olsen asked and then you have a spotter, too, right?

Gary replied, yes, we plan it for like when we do work on 80th Street with a spotter behind, lane closures, whatever. I think the biggest savings is to possible back injuries. This puts it where you want it, right to the ground.

Council Member Olsen asked and you said there's also some potential savings in terms of ongoing maintenance depending on how this thing is built?

Gary replied versus the belt driven, yes.

Ryan stated I'll say that's one thing that's good to point out. We're not just sticking with the same equipment because that's what we always did; we're comfortable switching to an auger, which is going to save ongoing maintenance costs.

Dockter said and if you want to talk efficiencies, too, Justin, maybe Jim can head out in a 60-foot mower and how that kind of enables you guys to use 2+ small mowers and use that big mower, we can get it done a lot faster.

Jim said yeah, when you compare a 60-foot mower with the speed they can cut at, and that's just the overall acreage they can cover in a day; basically, one 60-foot can almost replace 2 11-foot, not that we're looking to do that because we need both. We still need to be able to get out there and cover; we're looking at different options potentially with the mowers. We're looking at maybe looking to see if a tow-behind one would be better with the equipment we have, tractor wise, which would be a large savings for that. We're trying to come up with the best options in that to definitely see what really works the best.

Council Member Olsen stated thank you.

Ryan stated I'll jump real quick to 2026. I maybe won't go through every vehicle, as there are a lot; as Brenda mentioned this list is large, probably something that will have to be managed going forward, but just from what we've pushed from 2025 that was planned I believe in the FMP:

- Vehicle for Fire Marshal, pushed;
- Snow sidewalk machine, pushed \$225K.

Ryan said that one I want to hit on. We have a Bombardier now, and we're trying to go away from that because this is a track piece of equipment and it's not very effective for what we're doing. So, we're looking to go for another trackless or older, whichever one we go with. But those are \$225K, and we need those because they're narrow enough to fit on 5-foot sidewalks. Actually, what I would like to do, because that was a switch from 6-foot sidewalks to 5-foot sidewalks, probably 10, 15 years ago; what I'd like to do is go back to 6-foot once we get to like a new area in town, right? We're not going to mix and match sidewalks with the neighborhoods. So, once we move east of Keats, we'll be looking at a 5th sidewalk route, let's say; if we go to 6-foot, we can look at buying a tractor with attachments and you're under \$100K, instead of \$225K, to do the same job.

Council Member Thiede said that's an asphalt and trail kind of one, not the concrete.

Ryan replied, no, concrete sidewalks; Council Member Thiede asked concrete sidewalks in front of the houses? Ryan replied yep. So, right now, they are 5-foot and those are the standard, but there was a time when it was 6-foot, then it went down to 5-foot, and that's the type of equipment we need to remove snow from the 5-footers. If we go back to 6-foot, which is what I have in my neighborhood, I actually like them a little more, there's more room for folks. Like I said, it's under \$100K for a tractor with attachments, so that will replace the need for these because we have enough 5-foot sidewalks, we need 4 routes for that, but moving forward, we can reduce that cost. Other ones push with a tractor for parts and a plow, separate plow for a different tractor, a different utility vehicle with attachments, so that's that same older trackless assigned truck; so, our large vehicle that we do the sign placement with, there's that dump truck, that single axle that we moved from 2025 into a vehicle for Rec. So, those are all pushed from 2025 to 2026 to kind of make this budget year more manageable. But you can see the effect of that pushing, and now we're over \$3M for 2026.

Ryan asked if there were any questions.

Mayor Bailey stated I was wondering when you were going to put that aerial service truck in there, because I know every time we talk about, whether it's banners or décor, so your goal is to do that in 2026?

Ryan replied so, we actually own 2; so, there is 1 in the budget for this year, which is the Streetlight one. In 2026, that would be the Forestry Fund bucket.

Mayor Bailey asked so there is 1 in the budget? Ryan replied yes, and the Streetlight one is requested this year, and that's been a tough one because we have 2, right? But if a streetlight goes down, we must fix it, and that's the only way we have of replacing streetlights.

Council Member Thiede asked what kind of utilization do the Streetlight trucks get?

Ryan replied daily; that's the vehicle for the streetlight maintenance and repairs.

Mayor Bailey added well, it's streetlights and stoplights and traffic signals.

Ryan stated I would say with both of those trucks, it's not every day unless the streetlight maintenance workers get called for something.

Council Member Thiede asked so, with Forestry and the boulevard trees, what would happen if we said we were going to give the boulevard trees to the homeowners and they could take care of it? Because that actually adds up to quite a bit of money, right? Ryan replied yes, it does.

Administrator Levitt said well, one of the concerns is obviously with the boulevard trees we do the uplifting, so the plow trucks aren't hitting them. If we ask residents to do it, most likely they're not going to do it. So, there's the damage that we might incur on our vehicles when they're traveling down the streets.

Council Member Thiede said well, then you tell people that because their tree affects our vehicles, then they're liable.

Administrator Levitt said I don't have a way to assess that.

Council Member Thiede said and then there will be a fair number that will probably be complaining that their tree got trimmed, right?

Ryan replied I would say out of the thousands that we trim a year, there's a handful, but there are certain ones. And it's hard because, again, they're on our property, right, they're on our Right-of-Way; if they fall, they're probably falling on our roadways. So, you would still need that capability just because of all those challenges.

Council Member Olsen said they have a lot of developments, though, like mine, where my front yard tree was my tree, and I didn't even know. I had young Gavin come out to my house one day because the tree was having some issues, some root bearing issues, and he gave me the news with a smile on his face; like, it's not my problem, pal. You're the one that's got to deal with it. He brought Gary along for muscle, but at the end of the day, as the owner, I had to pay for the removal of the tree and all the rest of it; and I didn't even know it was mine, so, I think we have lots of people who are in that same position. They don't know if it's a boulevard tree or they own the tree. Ryan said in the Dunes Estates, there are no boulevard trees in the front yards. And I'll touch a little bit more on that when we get to the Forestry section. We've gotten more feedback from other cities as well on that.

Ryan said Brenda has a spreadsheet on the Equipment Replacement Fund.

Brenda said as you can see here, at the end of 2025, we're down to \$30K in cash in the fund. In 2026, we know that we have \$3M in equipment that we're wanting to replace, but we know that we're going to have to cut about \$1.3M and push that forward or find funding for that. We're okay until 2025, but in 2026, we have a larger issue.

Ryan said there's our 10-year plan, going forward, following that FMP; you can see the spike in these early years, but over time, we're trying to bring that down, and that's really the hard part of it. When you own 170 pieces of equipment, if you don't stay on the schedule, it's always going to compound. It's different than owning 2 pieces of equipment as a private person. If you don't stay on schedule, it's just going to make other years too complicated. Because if we think oh, we can push this plow truck 1 year, 2 years, and you push it to that year and all of that equipment is failing, now what do

you push, right? So, that's why the Equipment Replacement is so important in getting it to a manageable level that we can real plan for.

Council Member Thiede said so, this is what you're projecting as what is in the future; Ryan replied sure, yes.

Council Member Thiede stated and so these costs are based on the standards for the next years?

Ryan replied yes, and I will say this, when you own that much equipment and as you push it, what does that mean, right? Because it always needs to be replaced and what type of an impact? We're a City that's trying to have levy with steady increases; you can't just push \$1M 3 years down the road, because what does that do to 3 years down the road? It may have saved a little bit in maintenance vs. lifecycle costs, but what does it due to that year and that levy when you're done pushing? So, that's where we're really, frankly, it is critical to have those replacements scheduled. I do know for specialized equipment, you can see from the Mack truck, it's 25 years old, so we clearly did not hold to the 15-year schedule; but when you have 50 $\frac{3}{4}$ -ton trucks and however many cop cars and 14 dump trucks, it's a compounding impact that we started not following a schedule.

Council Member Thiede said I think it might be interesting to see like a graph, just like the overall equipment maintenance costs.

Administrator Levitt asked maintenance or replacement? Council Member Thiede replied maintenance.

Ryan replied for maintenance, we can do that, and I don't know if PubWorks, if that goes back 10 years. That's where it's easier to pull. But, yeah, for 10 years, I think we can pull that information up.

Council Member Olsen stated speaking of maintenance, one of the things that you guys have talked about and maybe Dennis can talk about this, so if I'm ahead of the curve, shut me down. I know that your shop reconfiguration, that's been a conversation. The idea is to be able to increase our capability to do that maintenance internally vs. having it contracted out or taking equipment out of service and send it someplace. I know we have some equipment that we send to Red Wing. So, talk about either now or when you get to that place, talk about what that's going to do for us relative to keeping that equipment in service faster, the efficiency of doing it inhouse vs. outsourcing, etc. How do we help you with that? What are you going to need to make that happen? Because we're adding stuff all the time.

Ryan replied yeah, and they really do go hand in hand, right? All the equipment, the ability to maintain it, and we can talk more later if there are more-detailed questions. But just a snapshot, because we can go back to 2014, the last mechanic was added in 2000, so about 24 years ago. But since 2014, all work orders went up, from 947 to 1,600 the last year. So, a steady increase in work orders, and then the inhouse work orders, what is our staff doing, went up from 878 to about 1,200. So, over that same 10 years, we can't do 1,600 work orders inhouse, that's not possible, but we had an increase in our workload, internally, of 35% over 10 years with the same staff. So, we

really want to look at that because I know that was a question of efficiency and how are we doing. I think we have done a great job managing the heavier workload, but that's what our goal is; and that's why we don't show the full costs of the mechanic hitting the levy. We're not going to create more repairs by adding mechanics, right? We're looking to bring those repairs back inhouse because our rates are lower than outsourcing rates as we looked across the board at heavy equipment to light vehicles. That's what our goal is, to bring that more inhouse and then having the space to do it. So, that's the shop modification with a portable lift; someday we're going to leave Public Works and we don't want to put in an inground lift that has a 25-year life, so these move locations.

Council Member Olsen stated so that's what you're going to do with that half of the wall space, get a portable lift. Because, realistically, that's going to save us not only time, but money to be able to service that equipment inhouse and return it faster.

Ryan said I think we feel really comfortable with that \$500K because our goal is to actually manage it in-house, so not have a general contractor. Between me and Adam we can make that happen, rather than having our taxpayers pay this; it's pretty straightforward, the block work, the HVAC, and some of the electrical, so we can actually manage that inhouse instead.

Brenda stated in the FMP, the equipment replacement levy will be \$1.7M in 2030. So, we'll get there, but it's going to take a little bit of time.

Administrator Levitt stated just as a reminder, if you wanted to add any info back in, the bottom 3 are on the charts, just to show you what the impact if you wanted to add those 3.

Council Member Olsen stated oh, you're talking about the ones that we pushed to 2026? Administrator Levitt replied correct, if you want to move those forward.

Public Works

Ryan stated I'll get into our regular Public Works budget. I know equipment is a big one, it's always a big cost, and there's lots to talk about. I'll try to move through these, and I'll touch a little bit on many events, kind of what we do as Public Works in each of the divisions. You can see under our service areas, we do a lot; any type of maintenance work, other than Parks Maintenance, that's under our umbrella: From streets to plowing to all the different utilities that we operate as a City, to the internal work that Adam manages with fleet and building maintenance. So, it's all encompassing, and we also have engineering.

We have all the maintenance, and we have engineering, and we're doing that long-range planning, working with the Community Development Department, working on new developments, and also our street reconstructions as well. So, they kind of have a mix of maintenance, rehab, and the new construction.

Overall Department Overview for the General Levy portion of Public Works: City Hall Building: There's no staff tied to that, it's just the maintenance and operations of this building that Adam manages. Engineering: Is in the levy, but I will say that's more of a self-sustaining fund because they have the engineering fees from public and private projects that do cover the costs of that fund. Public Works Admin: That includes myself, Gavin, and the 2 secretaries at Public Works, along with all of the maintenance and

operations of the Public Works building. So, that's why that number is higher than just salaries, it's an aging building with all the utilities and all the base costs. Street Maintenance: That's Gary's area, and a large part of that is obviously the patching and asphalt thin overlays he does. Traffic Signage: That we do inhouse, as Council knows, including all the making of most of our signs, except for County signs. Snowplowing: Everyone's doing the plowing, so all the Utility Division, Parks, and Forestry, they are all part of that plowing crew in the winter.

Public Works Accomplishments and Goals:

- East Point Douglas and Jamaica: We're really getting close to wrapping that up, we're really excited, I think it's been working well. I just went out to Taco Bell today at lunch, and there's a wraparound on that side U-turn with the roundabout, and I followed a semi that did it, so it all works well. That's an exciting project to have done.
- Working on our 10-year plan for Pavement Management, Mill and Overlay, and Thin Overlay, which I have placed in front of the Council.
- We achieved GreenStep Cities Level 4 and 5 again for a second year. I know it's just hard to get an increase every year and if we could do it in back-to-back years, and we did, so that's exciting.

Council Member Thiede asked what is a GreenStep City again?

Ryan replied a GreenStep City, it's not even funding, they don't give us money, but the goal is we have initiatives that may save the city money because we're looking at reducing vehicle miles traveled or different things; there's different criteria, some of it is more Citywide, how much solar power is in your community, carbon emissions, all those things.

Council Member Thiede asked so it's more of a recognition? Ryan confirmed that. Parts of it can save you money if you can improve adding to your average fuel mileage in your gas vehicles, that is one.

Council Member Olsen stated you can also qualify for certain tax credits based on the level of GreenStep City you are. Dave, I don't know if you remember, but when you and I worked together on the construction of this building, one of the benchmarks was a GreenStep City, we wanted to achieve a certain level. Jennifer, you might remember.

Council Member Thiede asked when we were working on this building?

Council Member Olsen replied yes; we wanted to achieve some things that would give us GreenStep City recognition and simultaneously we got to get some tax credits from Xcel Energy, too. So, I mean, it's good for the environment, but it's also a good budgetary thing to have.

Council Member Thiede stated yes, that's good.

2025 Goals:

- Completion of the Low Zone Water Treatment Plant: Commissioning of that plant late next spring, so that will be good. We actually have the treatment vessels coming next week and the Tilt-Up panels the second week of August, so it's really going to look like a facility after that.

- Kicking off our Safe Streets and Roads for all planned development; that's where we're applying for this Federal grant, I think about \$250K, that's an 80-20 match. By doing this, you identify where we need upgraded crossings: By Pinetree Pond, by Pine Hill Elementary, anything that can be a safety improvement, and then you can really help apply for actual grants to fund that. So, you have to spend some money here, but there's actually funding that you can get from the State to cover that 20% cost. So, our goal is actually to have no cost to the City to develop this plan, and that really helps us out when we're doing grant applications for actual construction of those safety improvements in the future. Jennifer noted that was the email that Ryan sent from Adam.

Mayor Bailey stated on the Transportation Advisory Board (TAB), a part of Met Council, that money that we're getting from the State now is kind of a separate bucket of Federal money. So, we just approved I don't know how many hundreds of millions of dollars Federally, but every year now, we get I think it's around \$150M to use towards things like this. So, to your point, we talked about this program as a guide to help us decide which community should get funding in the future for those projects. The fact that you're implementing this is going to be good.

Ryan stated that's why we're really thinking ahead, right? We have to work now to really help save the City money in the future.

- 100th Street: We really have 2 components of that, we're really working on that design work that we do with the County. They know that we have to work on that final design to have that prepared so we can use the Federal funds that are earmarked for construction in 2026-2027. So, that is big, and then we're aggressively pursuing funding, obviously the City to close that final funding gap of about \$20M, which is the Federal grant that we're applying for.

Engineering

There are really no major changes to this, as we had a dedicated City Engineer position added in 2023 when Amanda Meyer was promoted. Really the only thing we're looking to do next year, which isn't a budget impact, instead of having just more of a dedicating Engineering intern is to have kind of half GIS, half Engineering. GIS was added to the City as more of a program 2 years ago, it's been amazing, and there's more work than Eric, our GIS Technician, can handle; so, we're looking to get him some help in the summertime with more of a student who has some training. It's called Geographic Information System, so it's all in mapping; so, we can create maps. We have a map that shows all our City infrastructure, all 180 miles of watermain, sewers, storms, all the manholes. It's really about tracking all your assets, but then they can work with Community Development, and I know they work with the Police quite a bit, too. Council Member Olsen stated that will help with work orders, too, right? Ryan replied exactly, so that's our next phase is really getting that tied into GIS for work orders.

Council Member Thiede said one of the things that might like to see on here, maybe just for comparison, too, is what we actually paid like Stantec and engineering firms over the years just to see how that tracks also.

Administrator Levitt asked in the past, historically? Council Member Thiede replied yes.

Administrator Levitt stated we would need to break it down by development because development pays for all of that work. Council Member Thiede asked but is it all developments?

Administrator Levitt replied yes. Ryan stated I would say it's all tied to development or design of large projects, which the City would never take on; or, it's specialized work, so, it's like those big traffic signals that we can't do with Gary, and with stormwater. It's in the actual engineering budget, like in outsourcing, is only about \$40K a year for work that we couldn't otherwise do, let's say. Really, it's specialized; you need to be a city like Minneapolis or St. Paul to have traffic engineers, stormwater engineers, and water resources engineers. When it comes to the large projects, that's just breaking it with the City or the County, even Washington County doesn't do inhouse designs. So, that's really what they're doing, so, we could pull that, but.

Administrator Levitt stated but specifically for GIS; Ryan said oh, for GIS. Administrator Levitt stated that's what he's asking. Council Member Thiede stated well, not just GIS. I mean, I look at the checks they get paid and I notice that they're large, \$13M plus a year it appears. Administrator Levitt stated yes, but we don't pay that. Mayor Bailey stated that's development. Council Member Thiede stated well, I understand, but if you did that, I'd kind of like to look at those details, you know.

Mayor Bailey said, so, if I look at what GIS is to that, if you look up there on the screen is the contractual event what we're basically talking about? Ryan replied yes, contractual.

Mayor Bailey said so it says \$112K in 2023 is what we paid; Ryan replied that's for more work that couldn't be charged to something else.

Brenda said that includes the \$28K for our IT Allocation, and Engineering was \$76K; so, we were without an engineer for part of the year, we kept the vacancy.

Ryan said yes, we had the vacancy in the City Engineer position. Mayor Bailey said so that's what made up that work, which Ryan confirmed. We had to contract out because we didn't have an engineer here, so. Ryan said and we are so tied to it, as in some cities you'll see more Project Managers, maybe, but our workload varies so much it's just not steady enough where you'd probably have to lay them off during downturns if we tried to take some of that project management work on.

Council Member Thiede stated and the other reason is at times is, like you say, there's different specializations, and it's not just an FTE, it's from different fields.

Ryan said yes, it's really that design work, cities are not set up to design and manage projects with that detail.

Public Works Administration

2025 Goals:

- We'll have our Public Works and Parks open house.

The big thing on this is it's an aging facility; so, building maintenance costs that continue to go up and utility costs, obviously. Those are leveling out now, thankfully, we're all seeing that, but those spiked quite a bit in the last 2 years.

One thing I do want to make note of, because it looks dramatic, is those contractual services. So, in 2024, you can actually see how it went down; we were really using

sewer, water, and streetlights in-house down there, so they should pay part of that. They're moving to a new facility so they cannot pay part of those contractual services anymore, so that must be borne by the remaining divisions, which is mostly levied, except for stormwater. So, that was the plan, we knew that was coming, and that's why you see that jump; it's not that the contractual services are going up, they just have to be fully picked up by the other divisions.

City Hall Building

This is just maintenance and operation of the building. There are a couple items that we probably will have to revisit in future years: Sealing that garage door down in the basement in the Police section, and then replacing the carpet. This carpet now is actually 12, 13 years old, and we can't get the carpet tiles anymore as its been phased out. So, that's something that we're not asking for this year, but it's going to come up to revisit in future years.

Ryan asked if there were any questions on Public Works Administration, but there were none.

Streets Division

Ryan said our Streets Division is Gary Orloff and Monique; services in that division include snowplowing, street maintenance, traffic signs, forestry, and then also stormwater. So, one of the utility funds, Stormwater, is operated by Gary.

2024 Accomplishments:

- We didn't have much snow to plow, but we implemented the 14th plow route, and we finally got those new dump trucks.
- We'll continue to enhance our stormwater maps in GIS. We're really working on that, Mike Weber is really going after that, working with Eric, our GIS Technician, to really enhance how well they can do business because they're tracking everything so well in the stormwater and GIS.
- We're doing a good job repairing potholes.
- We switched to a spring planting of boulevard trees, instead of fall, trying to get a better selection of the products. In the fall, we were finding we were kind of getting the last selection of trees for the contractors to plant in their inventory, so we're looking at better products in the spring.

2025 Goals:

- We were really thinking, this is the kind of down and dirty of maintenance, but we're getting back to tuckpointing 20% of our catch basins on a rotation of 5 years. So, that's actually somewhat done, the catch basins, using a bucket of mortar and just sealing up all the cracks. It's very basic, but what happens is if we don't do that, over time it starts sucking the sediment in, and then all of a sudden the road collapses; then we're spending \$10K-\$15K to fix it. So, it's maybe not necessarily extending the life of the catch basin overall, it's still going to have to be managed with pavement management, but we're trying to avoid those extremely costly failures of our catch basins.
- Using more of our street patcher for street repairs.
- For asphalt, we'll talk more about this later, but with the Mill and Overlay Plan, part of that was actually being able to reduce how much asphalt we had to put

down and how to create a better lifecycle cost of our roads. Gary used to put down upwards of 3,500 tons a year, and we're down to 2,000; that's been planned, and we've actually been able to manage the price increases of asphalt over the last 3-to-4 years as we reduce our quantity that's placed. That wasn't something at our detriment, that was a planned reduction, but we are down to a 2,000-ton program for 2025. So, that ability to reduce that quantity, we kind of laid that out; so, if we do see more cost increases in the future, we'd have to look at more budget additions to maintain that amount.

- Continue to work on our school zones and having good painting with our Traffic Signs division.
- We're looking to train more backup plow operators for our large plow trucks.

Like I said, for Streets, we're just managing those asphalt prices over the last 3-to-4 years by reducing the quantity, which was a planned quantity reduction following our new Road Maintenance Schedule, but that's about as low as we can go. There are no other real changes for this year. We're not looking for staff, as there was a staff member added last year so we're good.

Traffic Signage

There's really 1 FTE in here, but there's seasonal to help with painting in the summer.

One thing we're looking at, no budget adds this year, but we want to look at it in the next year, and analyze for 2026: All of our signs have retro-reflectivity, and there are standards that you have to maintain that. We're looking at buying an actual device that measures the retro-reflectivity because if we don't, we're either replacing with pavement management, as a standard, or replacing every 10 years. We think we can get more than 10 years of life out of these signs, so we're looking to save money by getting this new device so we can actually make those signs last longer. Now that we're using GIS so effectively, we can manage that; we can track in GIS when a sign's replaced, and how old it is. If it becomes more of a, I don't want to say a hodgepodge, but right now it's a rotation going around the City, and we can manage that with GIS now. So, that's something we'll look at in the next year.

Snowplowing

The salt spike is steady going into next year, which we expected because there's plenty of salt sitting down in South St. Paul, so our shed is full to the brim. With the salt budget, we really remain the same for next year at 3,000 tons; this year is where we'll see cost savings because we can't really buy more salt this year because there's no place to put it. We need to maintain the 3,000-ton budget going forward. It kind of ebbs and flows, we have a light year so then we have a full shed, and then we must plan for hopefully a heavier year. Just one thing, we had a 300-ton salt increase, we went from 3,000 to 3,300 last year, that was not approved. It wasn't an issue because we had no winter, right? But I think that's something we have to look at 2 years down the line because we have enough salt in the shed that we're going to be pretty good for 2025; but as a growing community, we really maximize how little salt we can use. Without changing our policies on where and when we salt, just because we have more streets, we have to add salt to the budget.

Forestry

Ryan said this was the big one that we spent a lot of time analyzing this year because of just major cost increases over the life of this program. The different things we do: Tree removals: At this point we're really managing inhouse because we're slowly getting down to that Ash tree goal of 1,500; so, there's no more large removal programs happening anymore. Tree trimming: This is the big one, Emerald Ash Borer treatment, which we do inhouse and for which we're seeing costs. We're kind of managing that through some funding we have this year; in the budget there's a 2026 budget addition to go to \$50K for the treatment material that we apply to the trees. Trimming is the main one; I just sent out a memo, on Monday night, so if you didn't have a chance to look at it fully yet, the main thing is the compounding effect we're seeing of tree costs. So, we looked hard at it and we have a 5-year cycle; we trim every 5 years, so we can look back at 10 years ago from the upcoming year, what did it cost us? When I looked at that information, we saw a sevenfold price increase to trim the exact same area 10 years later. So, this is apples to apples, same neighborhood, the cost went from \$31K and next year we're anticipating \$210K to trim that exact same neighborhood. The compounding effect is unit prices have gone up dramatically in some cases, but also as a City, we trim up to under 10-inch trees, that's the equipment we have, that's the training we have and the expertise. Historically, we always contract out anything above because we just don't have the capability of doing that. As we're a growing City and an aging City, what we saw over the last 10 years in that same neighborhood, instead of having 1,160 trees to trim, it's now 1,700 because they were smaller trees 10 years ago, and they've grown past the 10-inch category into the contracted. Also, those trees that were contracted grew, so now they're bigger; they might've been 14-inch tree 10 years ago and now it might be a 24-inch tree, so now it costs twice as much to trim. It's really a drastic effect, we've been seeing this creep up over the years, and we have managed that as we've got less Ash trees to remove; there was a lot of money earmarked for Ash tree removals that we could shift to trimming, but frankly, it just isn't sustainable. I don't know how you plan for a 562% price increase in 10 years, that's just not a manageable thing. So, we really need to think outside the box and the answer is to basically go away from planting new boulevard trees in new developments, which I know sounds bad right away because we want a streetscape, we want our neighborhoods to look nice. So, I did some different reviews, we have some pictures, because there's actually quite a few parts of town that don't have boulevard trees; obviously, most of the City does, but there are many homes built in the 2000s, as Council Member Olsen mentioned, that do not. Doing some comparison photos of neighborhoods that had them and didn't have them in a similar era, you're really talking about a tree in the front yard, which might be 20 feet from the curb vs. a tree in the boulevard, which might be 10-to-13 feet from the curb, depending on if there are sidewalks. It really provides a similar feel as you're going through there. The other thing is lots have shrunk, the lots are narrower; more importantly, that front-yard setback went down from 35 feet in 2000 to, in some cases, 20 feet now. So, I've got some photos from Settlers Bluff where they no longer can plant front yard trees because there is not room to plant one as the tree grows. They were mandated to plant boulevard trees, so that's what they did, and those 2 trees are in the back yard or in other areas of the neighborhood to make sure they met all of our tree

preservation plans. So, you have that issue, but then here's a photo of a tree about 8 feet from a streetlight; over time, that's not going to be a manageable situation. My other fear is we know down the road when we have major reconstruction of roads, those boulevard trees quite often need to be removed in full when there are utility replacements. When you have front yard trees, you have older neighborhoods that still have both, you have front yard trees with still a wooded feel. If you have a neighborhood like this, all the trees in the front of the property will be gone someday when there's a full replacement.

We also looked at other cities, and there were only 2 that we heard back from at the time: Rosemount does not do boulevard trees anymore, they do a front yard tree, standard. Woodbury is still doing it, but they're assigning maintenance of those new trees. Two of them were an HOA, and I have concerns with that because it's in our roadway, so are they going to do that and what's the work effort to try to make them do that.

We also heard back from Inver Grove Heights and Apple Valley, we just wanted to reach out to growing communities: They just don't do it, they prohibit trees in the Right-of-Way because of all the same issues that we're seeing. They also have a legitimate concern, as we do: If it's a 9-foot boulevard, that's better because that's when the trees started growing back in, but when you look at where that tree is; on Innsdale, Gary just spent \$50K for an older neighborhood, and the trees had heaved the sidewalk and every home. It was a massive cost to remove the trees and fix the sidewalks. So, it is a challenge to have those trees when you also have sidewalks; that was the one situation where we added sidewalks to every neighborhood, and that's been a challenge down the road.

Ryan stated I talked a lot with Emily about this; obviously, Planning is a big supporter of nice-looking neighborhoods, but they would be supportive of that as long as we're maintaining the number of trees. It's just shifting where that tree is from the boulevard to the front yard.

Council Member Khambata asked have we been able to discern any cities with older neighborhoods, like Roseville or Maplewood or St. Paul, and kind of see. I know as I'm jogging my memory, I can think of many roads in St. Paul that have taken down boulevard trees because they hang low. You can see that the garbage trucks are just like blasting through the canopy as they go through. Also, like riding my bike, the way the curbs and the sidewalks are disrupted by the rib systems. Were you able to survey any city that's dealing with kind of like an aging population of trees?

Ryan replied we haven't done that yet, but we could. We could certainly reach out to them. We focused more on these ones.

Council Member Khambata stated I'm curious what their policy shift is regarding that, because that's obvious when you go block to block and street to street, that becomes a large line of them. I mean, there's benefits to not having them in the front yard because the roots end up in the mainline sewer and it causes I & I issues and then we get hit with that on the Met Council side, too. So, I mean, there's other benefits to not having the trees in the front yard.

Burfeind asked the front yard or boulevard?

Council Member Khambata replied well, either. It's like placing it far enough away from the other infrastructure because the gas line and the water line and the sewer line all kind of like run up adjacent to the driveway. And to his point, when the front-yard setback is reduced and the side-yard setback and the lots get narrower, there's less and less space for those trees to be, without them disrupting that other infrastructure.

Ryan said and that's a good point. I think when we had up to 85-foot-wide lots in the past, you could plant a boulevard tree or a front-yard tree away from the sewer and water service because you don't want the sewer and water service under the driveways for a good reason. Now you can't, now it's smack dab right on top of the water and sewer services.

As I said in my email, we're not looking for a final answer, I mean, it would be easier to go to this; but based on what's happening with new development standards, I think it would be a lot better shift than it would have been let's say 20 years ago. It really was 20 years ago, in 2000, when they weren't being planted and it's all front-yard trees. If you drive those neighborhoods, I think they still have that same feel.

Council Member Olsen stated I mean there are benefits to the urban forest, that's why forever and ever and ever Planning has required or at least encouraged that sort of thing. And I think to Tony's point, if you plant a front-yard tree vs. a boulevard tree, you certainly have less impact on some of the infrastructure, but that doesn't mean no impact; because as that tree gets older, the eventuality is there's going to be some sort of impact. The biggest concern I would have is depending on who's going to be responsible for maintaining those, are they going to get maintained properly? If not, what do you do about it? What is your ability to hold whoever is responsible accountable for doing what they need to be doing. I don't know what mechanisms exist to do that, so maybe when we kind of dig deeper into this, we can talk about if there are any.

Mayor Bailey asked are you talking about the tree that would be in their front yard vs. the boulevard? Council Member Olsen replied yes.

Council Member Thiede stated well, they would own it, then. Mayor Bailey said it would be theirs. Council Member Thiede said I think one of the good things we've done to promote an urban forest is like giving them the trees on Arbor Day. I mean, probably 6 of those trees around my yard are Arbor Day trees that I got and planted. Obviously, you've got people that are going to be good about taking care of their yards and their trees and people that aren't. But if maybe it's a tree that's given to them or somehow when the house is built, and it's on their property and it's not in the easement, then they're responsible for taking care of it.

Council Member Olsen said yes, and I agree with it, but the question is what if they don't? Council Member Thiede said well, then they don't.

Council Member Garza stated that's what I was going to say. In our neighborhood, we have some very mature trees, and my neighbor doesn't take care of his trees. He doesn't cut his trees regularly so that it doesn't come over to us, but he doesn't care. And it's his tree, it's not a City tree or anything, and right now we have into the back yard cutting down the trees because they're working with the powerlines. And, so, maybe he should not allow those trees to grow up close to the powerlines, but they are. But I believe last year my neighbor got charged for having the City come in and cut

down the trees in the back yard because they were so close to the lines or to the poles or something.

Council Member Khambata said it might've been Xcel, Council Member Olsen said yeah, it was probably Xcel.

Council Member Garza stated but they're not being held responsible for doing that.

Council Member Olsen stated and that's what I'm asking is when we do dig into this deeper, can we get some insight into what, if any, ability we must hold people accountable for maintaining what they would ultimately be responsible for as the owner.

Ryan replied yes, we can do that. I think at this time on the surface, I keep referring to those boulevard trees because we wouldn't want to require that, right? That would be new to require for energy, but historically, they were there. So, that's why you had a boulevard tree and a front-yard tree and probably a couple back yard trees. So, they are there today, it's just, and that's where it sounds like removing trees but it's actually because the lots have gotten smaller; if you take out that boulevard tree, you will still have 3 trees on the lot, but the lots are half the width, so you actually have more trees in your neighborhood than you used to.

Council Member Olsen said Les always said he didn't want to decrease the road widths and look what it brought, so.

Ryan said we can investigate that. Certainly, after we get through budget, and we can kind of shake off all these meetings, we'd be happy to have a workshop before or after a Council Meeting to talk more about this.

Council Member Olsen said yes, it's a good topic to dig into for sure.

Ryan said and we don't need an answer right now because we would never; this is something that we'd want to implement in a new calendar year, especially with the new developments and things like that.

Mayor Bailey asked was Planning looking at still requiring the front-yard trees?

Ryan replied yes. We would want to be very clear to keep that streetscape and the number of trees, but like I said, we're not going to reduce the number of trees in the neighborhoods, but we're making sure 1 of them is in the front yard.

Mayor Bailey said to your point, I think if you say, yes, remove 1 of the trees, you don't do a boulevard tree anymore, but you do 1 in the front yard and then wherever else in the back that you like. I just know that my one son up in that newer development, up by Oltman, he has 1 between the street and the sidewalk, in front of his house. I don't know how, if it gets big, it's going to pull up the sidewalk, and that's what you're seeing in St. Paul. Council Member Olsen said yes.

Council Member Khambata said and that's not just in St. Paul, but any community that's got houses that are more than 30, 40 years old, you've got to do a 30- or 40-year maintenance for your own tree, and it's got an 18- or 24-inch trunk. Those roots are just, yeah, it's just buckled, the whole street is buckled.

Mayor Bailey told Ryan so you bring that back to us. I'm going to throw kind of an extra thing out there since your message of EAB is up here, so, 2 things: 1) I do know in talking to our Representative, Rick, he said that there's all these different funding sources out there now for EAB treatment plans and also replacement trees. I could probably send you a photo. Council Member Olsen said yeah, he's the author of one of

the Bills, which Mayor Bailey confirmed, and said he recommends that we go after it because he believes that we just; there also might be some, I'm not saying it would reduce the budget, because we don't know, but if we don't end up having to spend it, that's good. 2) As you talk about these trees being not on the boulevard, and you've heard this from me already, we've got to find out what other cities and that are doing about all these dead or dying Ash trees that are on the lots around these properties. I mean, I know where my mom lives, all of them behind here and next door, they're big, and they're dead. At some point, the wind is going to come by and it's going to fall on somebody's house or car or whatever, it's just going to happen, and I'm just talking about her neighborhood.

Council Member Khambata said maybe they're contracting with a tree service, kind of like how utilities do, when tree services are coming through to clear the utility line, since they're there, they'll offer like a discounted rate to address other trees. So, it's like coordinating it with the City.

Mayor Bailey said I don't disagree with you on that, but I'm going to, I want to see what we're going to hear.

Council Member Khambata said and doing that we can try to mitigate the cost to the homeowner somehow.

Mayor Bailey said I know when I had a couple trees taken out of my yard last year, I think it was over \$5K, so there are many people out there that aren't going to be able to afford it; and it's not because they don't want to, it's because they can't.

Council Member Thiede said the question is then do we strike up some contractual deal with some tree removal that could, if they got like a City contract, then the people can buy it through them at a discount to come and take the tree out. Because they know they're going to make it up in volume.

Administrator Levitt stated I think, Gary, to the mayor's point is you'd almost have to provide like a deferred assessment option to say you could have 5 years to pay for it. Because I think you're right, the cost to remove the trees are going to become so cost prohibitive that residents can't do it. So, even if we saved them 15-or-20% of the overall expenditures to probably take it down, we would have to set aside money to enable a program for that.

Council Member Olsen said maybe that's a conversation with Rick Hansen; Mayor Bailey said well, I had that conversation with Rick, who said the problem is if they allow that, then St. Paul and Minneapolis would take all of it. Council Member Olsen said that's a very good point. Mayor Bailey said he said so they would scoop up all that money very quickly, so it would be difficult to do that, other than saying hey, we're going to help the treatment or we're going to help replace trees that are being taken out because of EAB.

Council Member Khambata said from a homeowner's standpoint, the cost benefit is, if a tree falls, is it going to cost me more to deal with it later, in terms of my deductible, than it is to cut the tree down now? So, if it's cheaper to cut it down than pay the deductible, somebody will do it if they have the money. So, West St. Paul has a sewer line deferment program; that might be something to investigate if we're finding a way.

Mayor Bailey said well, and that's what we talked about, different options. But if we're going to kind of get into the discussion of boulevard trees and that, it would also be good to bring up maybe what is something, I don't know.

Ryan said there were certain elements of that alone, they're everywhere. Mayor Bailey said you go everywhere, you drive into every community, and it's bad. Ryan said obviously now we're hitting the commercial areas hard, but that's more manageable. I read some quick numbers one time, and it's probably \$10M to remove every Ash tree, so it's a huge amount.

Council Member Garza asked do we offer some type of a loan through the City for like home improvements?

Mayor Bailey replied not yet. Council Member Olsen said yes, we're discussing some things. Council Member Garza said okay, I thought I'd heard it in a conversation.

Mayor Bailey said it's with the HRA and the money that we get from the County.

Ryan said one of the benefits of having a City Forester and Public Works management, obviously, they're creative. I would say it would be a big partnership with Community Development because when you're talking private trees, it's Code Enforcement that really has the authority right to say if it's a dead or a diseased tree. But certainly, we're the tree experts on how we do things; so, I think we can reach out to other communities and see what they're doing. Mayor Bailey said good, that's all I'm looking for; Ryan said yes, I'll do that.

Mayor Bailey said the last comment I'll make is if you look along where Jack Germo is down there, all those trees along the back are all dead; and some are in the powerlines, some are not, but they're in those residences' back yards, and it looks ugly. And I'm thinking that would be expensive for them to be able to pull those buggers out of there, so.

Council Member Garza stated I think 1 of the trees tipped down there since last year. I remember that and it's been down there since. I think it's still sitting up with those stakes on it right now. I remember thinking they never could afford to fix it themselves.

Ryan said so, we'll work on that. If we can bring all that back and talk about it in a workshop, that'd be good.

Public Works Special Revenue Funds

Ryan said really quick, I'll talk about our Special Revenue Funds: We have Recycling and Roadway and Trail Maintenance, which obviously is the franchise fee revenue that we just increased last year.

Recycling: Is a very stable fund; this is all County grant money, so every city gets it each year as we try to meet the County's goal for the recycling initiatives. Historically, a big cost for that has been we have the food scrap dumpster at Public Works, and we were the first City in the County to do one of those. Now the County has the in-home food scraps program, so we're seeing less use of our dumpster; that's fine, there are still people who just want to bring it down to Public Works. So, we're not going to get rid of the dumpster because it's still being used. The Spring Cleanup Event is a big initiative of the recycling program and then obviously educational activities.

Roadway and Trail Maintenance: We talked a lot about this last year, with the new franchise fees. Mill and Overlays is 4 miles a year, just over \$1M; Trail replacement is 2

miles a year, \$600K; Sidewalks and curb replacement, Trail Sealing, \$14K, those are things we've historically done even before we did the changes. That's what Gary manages mostly. and the Trail Sealing is through Engineering.

Ryan said I did the Pavement Management map to do these discussions, but it's also the 10-year Mill and Overlay map that we must use these funds.

Mayor Bailey asked who manages the trail along County 19? Is that the County?

Ryan replied well, the County does, but we mow the part that's by Carbone's.

Mayor Bailey said, I just happened to notice when you drive between us and 80th, the trail is not in great shape. So, would that be the County or us?

Councilmember Garza asked how come my section keeps getting forgotten? Council Member Olsen said we need that 16-foot mower.

Mayor Bailey said because it looks bad in there; there's a lot of stuff coming out of the cracks. I mean you can't rollerblade on it or anything like that.

Dockter said we're getting a lot of heat on the one on Hinton, north of 70th Street, too; and the County is going to start mowing in August. They only mow it once a year.

Council Member Olsen said if you want to send pictures to us, we know the County Commissioner, and I can share that with her.

Mayor Bailey said, before I brought this trail up, I wanted to make sure it wasn't ours; Ryan replied no, its not ours. We'll bring that up with the County or however you want to handle that, because it's going to be a while before that road's in place. Normally, it's not that bad, but they must do something with that.

Utility Funds

These funds include Stormwater, which is under the Streets Department, so already discussed, Water Utility, Sewer Utility, and Streetlights.

2024 Accomplishments:

- High quality drinking water, getting all the MCLs and health-based values for PFAS.
- Wells 9 and 11 Ion Exchange Treatment Plants are up and running. It's been a good learning curve, and we're looking at an Ion Exchange Treatment Plant for our second permanent one, so this has given Rick's staff good opportunity to know how we're going to use those different testing standards, different pretreatment standards, so it's been really good to see those running. I know it's a little extra work for Rick's guys, but I think it's going to pay benefits now that we know how to operate that type of facility. That is the first Ion Exchange PFAS Treatment in the State of Minnesota, so that was an exciting thing to do. I don't think many folks thought that we could do it with the temporary methods and we did it and we proved we could, so that was exciting.
- Developing a meter replacement plan. Obviously, historically, we had some big meter replacement programs that were contracted. Rick's been looking at his inventory; we have about 900 meters that are very, very old, and we're looking at more of an inhouse replacement based over 3 years. So, making it more manageable and a lower cost, so that is in the budget, along with both commercial and residential that we want to replace. So, we developed that this

year, which we found as an Accomplishment, and then being able to maintain our sanitary system with 2 lift stations at this point; we'll have the 3rd coming online at Mississippi Landing.

2025 Goals:

- Beginning construction on that Low Zone water tower, we'll talk about that again at the CIP; that's the one that was approved, and we were ready to bid, and then steel prices just went off the charts in 2023. So, things are coming back down. We also redid our Water Comp Plan, so we firmly know and understand that instead of a 1.5-million-gallon tower or a 1-million-gallon tower, it's going to serve that zone; it's actually a little smaller water tower. Just to kind of refresh Council's memory at the CIP, I'll have the renderings of what that's going to look like. Like I said, you saw it 2 years ago, but we want to do that before we take it out to bid.
- We'll begin rotating meter replacements. We looked at how many meters we have, we really should just kind of continue to make it a manageable thing, rather than waiting and must do 4,000 in a year, let's do 300 in a year, maybe 500 in a year, whatever that might be.

Council Member Olsen asked you're talking about the meters in the basements that we did? Ryan replied yes.

Mayor Bailey asked do you know what plots then? Rick replied we have roughly 900 that are going on 30 years, and typically, they're 20-25 years. Mayor Bailey said but you know where they are? Rick replied yes.

Council Member Olsen said, and you get more accuracy, don't you? Rick and Ryan replied yes.

Ryan said going forward, there's probably another 7,000 that are going to start approaching that age that need to be replaced.

Council Member Olsen said we should just be rotating them.

Ryan said so, we must schedule all that work, and that's how we do things now when we have meter replacements and different things. Our front desk staff does all the scheduling, and Rick's crew goes out and does everything.

Mayor Bailey asked what if they don't respond, then Public Works staff will bug you? Ryan replied yep, and we'll send letters; the letters are more dramatic, they've got Rick's signature on them.

- Keep working on our permanent and temporary treatment plants, and then we'll move into that new Utility and Engineering Building, after a lot of work, and we're excited for that in January 2025.

Stormwater Utility Fund

2025 Goals:

- Replace the Sewer Vac truck, half, which we discussed earlier.
- Proposing a rate increase of 3%, and that's just the standard monthly bill for all residents; that equates to 19 cents a month. A 3% rate raise, if you look at the world we live in, Stormwater is 40% labor; so, we looked at what labor increases

are potentially going to be in 2025, that 3% rate increase works, so I think that's a very good place to be. These are funds that are maintaining a system, but you really have to maintain that system.

Council Member Olsen said some of that's just passed through from the Met Council, too. Administrator Levitt replied but that's with the Sanitary Sewer, absolutely.

Water Utility Fund

Ryan said for the Water Utility Fund, we're looking at a 5.5% rate increase. We sometimes like to look at 6,000 gallons because that's really your typical in-home intentional water use; people who choose to irrigate or irrigate more are going to switch to a higher bill increase but that's not necessarily essential use. So, for folks who are using that water in their home, no matter what they use it for, it's about a 54-cent increase per month.

One thing with the green lines, our expenses in 2022 and 2023 include depreciation, but right now we are not capturing depreciation in that rate, so that's something we must look at with future rate studies.

Brenda said we had given you the information on the rate comparisons, this is in the capital. One of the things that I've been looking at, especially in the Water Fund, we're adding so much infrastructure for water treatment that we're just not capturing our depreciation in that fee. So, that graph is a little bit more alarming as we get to 2023 and beyond if we're not capturing that depreciation readily.

Administrator Levitt stated the other thing that I think we need to be aware of is we don't have a set plan on O&M from the 3M Settlement. So, we need to start monitoring that and prepare. Because if we must assume all those responsibilities long term, that's a huge financial burden. At this point, we desperately need that rate increase to ensure that growing fund.

Ryan said and that's where we're really doing as a City; we fought for the most cost effective treatment plant now and in the future. The State is really focused on a 20-year window, what is the cheapest in a 20-year window. Well, you don't design a 100-year treatment plant with a 20-year window. So, that's how we got the pretreatment iron manganese; even though it's a huge cost it also has O&M, and we know we have the most cost-effective plant that we can.

Administrator Levitt stated I think you'll see with the Utility Rate Study, we're still the lowest, which Ryan confirmed.

Council Member Olsen stated I don't know who put that information together, but it's good. Ryan stated yes, it's very helpful.

Ryan said we have a new Public Service Worker, and this one we're not talking about as much because this is fully funded by the 3M Settlement; this is a planned Public Service Worker to operate the new plant. So, we need it, it's part of the State's plan, and it will be fully funded.

We do have a parttime secretary in the Utility and Engineering Division building, so this was looking at some cost savings. We were planning for really a full-time secretary for that new building, but we sat down with our current front desk staff, Utilities, Engineering; we discussed what they did, what is this person going to do, and we feel comfortable with a basically almost like a 75% type employee, which is obviously a

major cost savings from the benefits and just lower hours. So, they'll work basically 6 hours a day, every day, so they'll be there to help the needs of that building, but it's going to take money.

Sanitary Sewer Fund

Ryan said this is the big one, as you mentioned, with Met Council. Met Council makes up 82% of the budget. So, this budget really lives and breathes by the Met Council annual fees to do our sewer treatment. It does have the Vac truck in there, and we're looking at a rate increase of 5%, which is \$1.52 a month. Met Council, if you remember in 2022, they had a 20% increase in their rates; in 2023, they had a 10% increase. Rather than increasing our rates by 20% and 10% in one year, we kind of acknowledge we're going to do that over time with these 5% rate increases because in 2024, it went down to 4% so we're kind of gaining background. Next year it went back to a 5% rate again, but we must be able to assess most of the project, we have to be able to pay that fee and the rest of the budget is labor. So, there's really no magic in this fund, there's two very set costs in this fund. We're still trying to play catch up with those massive Met Council increases in 2022 and 2023.

Streetlight Fund

This is a rate increase of 8%, which I acknowledge is the highest; this is the fund that you know has had financial issues over the year. We do have to replace the aerial truck.

A big challenge we must look at going forward is most of our streetlights are high-pressure sodium, those yellow lights, and those bulbs are being phased out or are phased out. So, Rick's staff is trying to buy everyone that we can, but a bulb cost \$40-\$80, which is much less of a cost than what we'll have to do in the future to replace the full LED.

Rick said by and far, the sheer bad news is the availability online or the company that we normally buy our heads and stuff from, they can't get them. So, we search on Amazon and just try to find what's available, and we try to scoop up what we can.

Ryan said so we will need to do a rate study I think in the next year because instead of doing that \$40 bulb, you're looking at a \$1,500 LED fixture when a light goes out, and we have 100, 150, 200 lights out a year; so, that is a massive impact for a budget with the LEDs.

Council Member Thiede said but the LEDs will last longer, too.

Ryan said that's true, they are, but it's interesting, we've looked at those and over time, we should see that payment, but if in one year we're going from \$20K in bulb replacements to \$300K in head replacements; that fund is going to get hit extremely hard. Yes, over time, it's a 40-watt bulb instead of a 100-watt bulb with a longer life.

Mayor Bailey said when you look at all of our rates, we are like either the lowest or almost the lowest, maybe the next lowest; this is the only one where we kind of stick out like a sore thumb. I know you're going to do a study, but is there something that we're doing differently, or?

Ryan replied there are two things that we must look at: 1) We use the same space, but we must look at what do they manage? Like St. Paul Park doesn't have citywide streetlights, they probably only have a handful, Hastings is the same way, they only have a handful downtown. They don't have a streetlight fee. So, they might be charging their whole city, but instead of managing a citywide system, they're managing very small

business districts, so they can just charge significantly less. Council Member Olsen asked is that because Xcel is doing the rest? Ryan replied yes, Xcel is doing the rest. So, that's the main reason, I believe. 2) We pay for all our traffic signals out of this fund, which I don't think you'll find another city do. There's nothing wrong with that, but it's just you must be apples to apples, as we'll spend money there.

Mayor Bailey replied and that's what I'm trying to understand, what is the differentiator between us being here and everybody else is down around that lower rate; I mean Oakdale is high, too.

Ryan said I do know Oakdale has a full citywide streetlighting system, but they don't pay for their traffic signals out of it; so, that's what we're really going to do with this upcoming rate study is to make sure that we are looking at cities that have a fully citywide system and do they pay for traffic signals out of it or is it through their levy?

Mayor Bailey said to your point, when you do that study, I want to know if they're not taking traffic signals out of here, where are they putting it? Because they have to be taken out somewhere if they're not doing it out of this fund.

Ryan said yes, and what's hit this fund really hard is even the inflation of the new signals has at times come out of this fund as well. I just looked back over the last 2 years, and it's anywhere from \$80K to \$120K in traffic signal costs out of that money from the fund.

Council Member Olsen said there was a time when we were chatting with our friends at Xcel, and I don't remember if we were looking to take their responsibility onto ourselves; is that what it was? Mayor Bailey and Rick both said it was; Rick said it was north of 80th. Council Member Olsen stated yes, and we ended up, I know obviously we didn't do it, but I couldn't recall, do you remember what was the reasoning behind that?

Mayor Bailey said it was the lights, there were complaints with lights being out. Council Member Olsen said yes, and they weren't fixing them, right? Mayor Bailey said yes, and they weren't fixing them. Ryan said I will say that our fee is less than the Xcel fee, and the Xcel fee is just streetlights, not obviously traffic signals like we have.

Administrator Levitt stated I think the other thing, too, is we're seeing an increase in our electric costs. Ryan said yes, a large part of utilities is electric costs.

Ryan said I think this fund is looking better, but it's just more how do we manage this LED conversion now? Because most tops head, as we call it, in most of the towns is \$1,800 or so for that head, for that fixture.

Council Member Khambata asked do you replace the entire mast or just the head on top?

Ryan replied it's just the head. But we have to ask ourselves with the different colored lights, are we comfortable replacing one when it goes out, or do we need to do the whole block so you don't have one white light. That's a big discussion for a different day, but as we get into this rate study and understanding costs, we'll have to have those discussions.

Council Member Olsen said at the same time we had that Xcel conversation, Rick will probably remember this, but we had a business come forward and say that they would essentially retrofit all our lighting to LED at one time for a specific price. Again, obviously we didn't do that, but I don't know if those sorts of businesses exist. I know at

that time there were a lot of tax credits being handed out for that kind of work. Now, I think it's just become sort of a normal course of events.

Mayor Bailey said that's because the other ones are phased out, and you can't get the right light bulbs.

Council Member Olsen said so, I don't know if that's something we can do, to look into with that sort of thing. Ryan replied I think it should be because back then, that was very early in my career, but the benefit cost wasn't there, but now that we have to switch, it's there. So, we'll investigate that.

Council Member Khambata said yes if you figure the time and labor impact. Council Member Olsen said yes, but if you're digging into it, why not check it out? Ryan said, yes, we'll do that.

Fleet Facilities

Ryan said Police Facilities, we call it the Police Fund, but it's Fleet Facilities under one umbrella, which is Adam.

2024 Accomplishments

- New building maintenance, it wasn't adding a new employee, it was just backfilling that open position. We have a new guy, Morrie, he's been doing a great job, and we're happy with his work.
- It's kind of a fleet thing, Gary's very happy, but we have those 2 dump trucks after a 2-year delay; it's not a delay on our end, but a delay in availability in the State contract, so that was great to see.
- 1,610 Work Orders complete in 2024, and 502 in Building Maintenance, which is our highest totals to date.

2025 Goals:

- We're looking to start fixing more new equipment instead of outsourcing, with that mechanic if it's approved, and train and develop that shop mechanic and manage that remodel if it's approved by Council.
- Continue to update the building maintenance plan at the Public Works facility; that's what Adam did last year, more inhouse, and we've got some other options that Kraus-Anderson has been doing for the HERO Center that we may as well look at, too. So, just making sure we're properly planning for these facility and the big maintenance costs over the life of them, HVAC systems and whatnot.

Police and Building Maintenance Fund

- Budget implications for mechanic, I think we're conservative there; I think even the high end, that's about half the cost of a mechanic, but assuming we will take from that outsource work, which is still being paid for and done and just bring it back inhouse. So, we're just offsetting that cost with the cost of the employee.
- Remodel the shop, \$500K. We say we'll use the Building Fund, but I think we'll have to talk about how we manage that. But that's more the cost that we got from a general contractor, so I think we can bring that cost down a little bit, hopefully, that's our goal by managing inhouse. I talked about these numbers earlier, but that work order increase over 10 years; so with the fleet vehicles that we could go back, about a 42% increase in our fleet since the last mechanic was added, so a lot of growth, a lot of new work. And just a lot of work from all the new

emission standards, all the new requirements for Fire truck vehicles, which require a lot more maintenance than a truck would have 24 years ago.

- Building Maintenance: Glacial Valley Building and going forward the Utility Building and Water Treatment Plant are also added to their responsibilities. All the Water Treatment Building maintenance will be paid for by the State, so that's a good thing.

Ryan stated that's it, asked if there were any questions.

Mayor Bailey said thank you, thank you all. Council Member Olsen stated it's a good start.

Mayor Bailey said I didn't bring this up earlier when we were talking about vehicles, I'm not talking about Public Safety, per se, but have we ever thought or is there any type of cost savings or anything on electric vs. gas, do you know? I'm not talking about the plow trucks, but the general trucks and things like that?

Ryan replied yes, but I think your options there would initially be more kind of the building maintenance vehicles and some of those admin vehicles. The only electric truck options are a half-ton pickup right now, and because of the work we do, including plowing, hauling, those are all $\frac{3}{4}$ -ton trucks in our fleet. So, it would really have to be some of those vehicles that we could be looking at over time.

Mayor Bailey said I'm just looking for the cost savings at this point because I'm hearing out there, and I listened to Pete talk before some congressional group, and the cost of some of the general electric or the ones that can switch are cheaper. So, to your point, if it was for our general fleet. Council Member Olsen said well even hybrids. Mayor Bailey said yes, that's the word I was looking for. Council Member Thiede said I don't think I'd buy an electric vehicle right now.

Ryan said I think truly hybrids would be the way to go. I know Prius was, but that was a very early hybrid, but truly hybrids are a really good middle ground right now; with the electric vehicles, if the battery goes out, there's the cost, and the tires they're putting on them are so expensive. And depending on how they're charging, if you're charging during the day on a Level 2 charger, it's more expensive than what gas would be. But you see Toyota going all hybrid, and I think that's something, I don't know if they're all electric, I think there's still 1 or 2.

Council Member Olsen said well, there's some law enforcement departments that have gone to all hybrid vehicles.

Council Member Khambata said the advantage, from when I worked at the town of Vail, they converted all of their in-town buses, the ones that idle the most, to hybrid, and the fuel savings; they went to 6.7 liter from like 15 liter Detroit diesels, and just the fuel savings and the reduction in noise pollution over the 12 years that they were prescribed to own them, it was a break even, not including whatever the residual value of the buses was. So, like the hybrid has some positive effect. I've been reading on that, too, like the full electric is like squad cars that are going to sit and idle all day and then the in-town patrol stuff, where there's a negligible fuel savings and where there's not a need to charge. Like you said, Level 2 charging negates any real fuel savings. The limited maintenance but the more expensive cost of like the tires and all the equipment, but then again, I think it's one of those things where the time that they're in fleet service is

while they're still under that warranty that negates any of those big battery pack drive train type issues.

Ryan said as we've done a little bit of that State leasing, I'm wondering, because that's the thing, I don't know if keeping a hybrid vehicle for 12 years, like we do now, if that's really a good answer. But there's that State leasing option, because then we're not having to deal with maintenance, so I think that would be good.

Mayor Bailey stated I don't know how long that lease is because my dad had a hybrid, and he loved it and he raved about how much gas savings he would have. Council Member Olsen said my Ford Escape company car was a hybrid and it was great. Council Member Khambata said I will tell you that vs. driving a pickup truck, my Tesla pays for itself in fuel savings. Mayor Bailey said it's good for the environment but also for eventual savings, but I also don't want to run into, like you said, an all-battery operated one. I was trying to, just thinking about it.

Ryan said and that would also add to your infrastructure with vehicle charging stations, too, and what you would need, especially during peak demand type service. But the hybrid is nice because all the savings is in-town miles and what do we do? We drive in town, and that's not just the vehicle but staffing, as we don't know how to work on an electric, so.

Mayor Bailey asked if Council had any other questions on this, but none were asked.

Council Member Olsen said it was a good start, good discussion, lots of good information. Thank you, staff, for putting it all together. As Jennifer said, I know you put in many, many, many hours, and it was very informative and helpful.

3. ADJOURNMENT

Motion by Council Member Thiede to adjourn; second by Council Member Olsen.

Motion passed: 5-0. The meeting was adjourned at 8:58 p.m.

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