

City of Columbus
City Council Budget Meeting
09.17.19

In attendance were: Mayor Preiner, Council Members Hegland, Logren, Duraine, and Peterson, City Administrator Elizabeth Mursko, Public Works Superintendent Jim Windingstad, and Public Communications Coordinator Jessica Hughes.

- Update on items addressed at the 09.10.19 Budget Meeting:
 - Mursko added an expense to the Senior Center budget for cleaning services. The City has never had a contract service for cleaning the Center, so she added \$100 per month to cover that.
 - Everything that was discussed regarding the EDA was added into the budget; City Administrator wages, software costs, and marketing costs.
- New Items
 - Public Works Budget
 - Windingstad said that based on the City's maintenance schedule, he would like to do a mill and overlay project on 19 miles of road in 2020.
 - In addition, Hornsby Street and Crossways Lake Drive are on the schedule for reconstruction in 2020.
 - The Crossways Lake Drive project is being called a repair, but Public Works still needs to determine how to handle the road's disrepair. The approach for repair will be determined by the type of soil found under the road. Currently there is not any money built into the budget for the repair, but it needs to be completed in 2020.
 - At this time Public Works has \$650,000 available for the reconstruction of Hornsby Street. The increase in the levy was \$172,100. It would be possible to add \$500,000 to the levy to fund the project. That is a policy decision. If the Council wants to try and fund the project through the Blacktop Fund, more research would need to be done to locate the appropriate amount of money.
 - The Blacktop Maintenance fund was increased by \$27,606.
 - This is due in significant part to an increase in gravel costs and the addition of new roads in developments.
 - The City has 23 miles of gravel roads and 32 miles of paved roads.
 - Hegland asked if the City has considered not taking over roads that are built by developers?
 - There are a few private roads in the City currently.
 - Mursko said that the City has been informed that private roads are undesirable as they can be harder to maneuver and increase the costs of association fees.
 - Duraine said he is not in favor of private roads because Columbus residents already pay taxes.

- Capital equipment policy is generally that anything over \$5,000 is considered capital equipment. Anything less is factored into the operations budget.
- To accommodate for wages, cost of living, City Planning Technician time, and overtime, \$15,100 was added to the Public Works budget.
- The budget for cell phones was increased in anticipation of purchasing equipment to generate WIFI hotspots.
- The budget for fuel and natural gas were decreased.
- The budget for salt and blacktop patching were increased, due to large amounts of snow in previous years.
- Public Works Equipment Fund
 - It is anticipated that the City will need to purchase a utility truck in 2025. A guesstimate on the replacement price is \$75,000. This cost was broken up into three different funds because it is a multi-use vehicle.
 - The accelerator for the equipment fund was increased from 1.5% to 2.5%.
 - The average increase in equipment costs is reported at 2%.
- A few items that were not included in the budget, but will be:
 - Actuals for 2019. That information will be available in December 2019.
 - Money for Hornsby Street reconstruction.
 - Reclaim and repave of Notre Dame Street and 181st Avenue NE. This was a one time expenditure that will not affect budget for 2020, it will only affect the fund balance.
- Hornsby Street Reconstruction Considerations
 - The first question is whether the City would like to try and wait another year to complete the reconstruction.
 - Windingstad's opinion is that the road will not hold up for another year in its current condition. The road is in such disrepair that he cannot plow it during the winter, because of the potential to drive over the plow.
 - It is highly unlikely that within the next year the City will be able to come up with a large sum of cash to contribute to the project.
 - If the City bonds for the project, the bond would likely be in the amount of the cost of the project less than \$650,000 (which is already in the Blacktop Maintenance Fund). Bonding would include interest payments.
 - The Feasibility Study includes three options for the reconstruction of the road. The Council has already determined that the costliest option is off the table. The costs for remaining options are as follows:
 - Option A: \$1.5 million
 - Option B: \$2.2 million.
 - The difference between the two options is the length and type of shoulder. A has 4-foot gravel shoulders, while B has 4-foot

bituminous shoulders and 4-foot gravel shoulders. Both options have 12-foot-wide lanes.

- Mayor Preiner suggested Option A with the addition of a turn lane for JP E-Commerce.
 - Windingstad said that with Option A, new businesses would have to add 4 feet of asphalt and gravel for a turn lane.
- If the City is interested in financing less than \$1 million, it would be possible to use private placement with a bank. This option is like a mortgage. However, it can be difficult to get a quote for the financing because it is a smaller amount of money.
 - Private placement usually will have an interest rate that is roughly 1% higher than a bond would be. However, private placement would not include the cost for a bond rating, and it would not have a call date.
 - The term for a private placement loan is usually 10 years.
 - The interest on bonds is projected at 3.5%, but that number will not be confirmed until bids are requested.
- Mursko reminded the Council that the levy increased by roughly \$165,000, by keeping the tax rate the same. Some of that money could be allocated to the project.
 - Tax money from the Aces Hotel will likely not be on the tax roll until 2022, as long as they complete the hotel by 01.02.20.
- Windingstad suggested adding \$500,000 to the levy and requesting two bids for the project (Option A and B). The \$500,000 can be removed from the levy before it is officially approved.
 - The Council agreed to move forward with this suggestion.
- Crossways Lake Drive
 - Windingstad estimates that the cost to repair Crossways Lake Drive will be roughly \$200,000.
 - However, the road has a serious problem with the subbase, which Windingstad will not know how to fix until the road is dug up.
 - The Council agreed to add \$250,000 to the Blacktop Maintenance Fund for the repair of Crossways Lake Drive.
- Transportation Fund
 - Dollars were added to the Transportation Fund to account for a number of projects that are going on in the City.
 - The maintenance cost for two new traffic lights (at Hornsby Street and TH 97, and Broadway Avenue and Lexington Avenue) is being estimated.
 - To account for the cost of maintaining the City's street lights, staff estimated there are roughly 51 lights to maintain.
 - The maintenance estimate includes \$1,400 for liability insurance, \$4,950 for electricity, and \$3,000 for maintenance that was added this year.

- There may still be considerable changes made to this.
 - Lights on the new Hornsby Street will be the City's responsibility to maintain. The lights in Preiner's Preserve are maintained by the association.
- More Notes on Capital Funds
 - Park Capital Fund
 - The Park Board approved adding electricity to the shelter in 2019.
 - The Park Board has not scheduled anything for 2020.
 - Park Land Fund
 - There is no levy for this fund.
 - In 2019 money was allocated for new picnic tables and upgraded walkways. Also in 2019, a memory bench and a Veteran's memorial bench were installed.
 - In 2020 the expectation is that some playground equipment in the tot park will be upgraded.
 - Fire Hall Capital Fund
 - The Fire Hall is built in 1998.
 - The block was sealed in 2015 and is due to be sealed again in 2020.
 - Outdoor lights were installed in 2018.
 - In 2020 the following must be done to the Fire Hall:
 - Seal the block.
 - Address a floor maintenance problem:
 - The floor is deteriorating around the grates. It is also an uneven floor. An estimate for repairing this problem is \$50,000.
 - An additional future cost for the Fire Hall will be the replacement of the roof. It is a flat rock roof and is getting close to being 20 years old. Minor in house repairs have been done to the roof over the years. The estimate for a new roof is \$50,000.
 - In 2017 the City started a Capital budget and began putting away \$7,500 each year to build the fund. The fund is currently at \$25,000.
 - It would be possible to increase the amount of money that is put into this fund each year.
 - It would be possible to program a new roof in 2021 (with an expected shortfall of \$40,000) or 2022 (with an expected shortfall of \$26,000). Or the new roof could be put on now, which would require borrowing money.
 - Mursko suggested this could be one of the locations where some of the \$172,100 could be allocated.
- Overall, there are four capital funds with shortfalls
 - Hornsby Street Reconstruction
 - Fire Hall fund
 - Fire Equipment Fund
 - General Fund

- This is brand new fund that does not have much money in it.
- This fund is used to pay for things like a new City Hall building, the Public Works building, a new server, new copier/scanner, a new badge system for access.
 - The new Public Works building will be paid off in 2023.
- Hegland recommended, out of the \$172,100 that the City has, allocating \$75,000 to the General Fund, \$50,000 for the Fire Equipment Fund, \$30,000 for the Fire Hall, and \$17,100 for the reconstruction of Hornsby Street.

Motion by Duraine to adjourn. Seconded by Logren. Motion carried unanimously.