

**WORKSHOP MINUTES  
OAKDALE CITY COUNCIL  
JUNE 11, 2024**

The City Council held a workshop on Tuesday, June 11, 2024 at Oakdale City Hall, 1584 Hadley Avenue North, Oakdale, Minnesota. The meeting began at 5:00 PM.

**Present:** Mayor Kevin Zabel

**Council Members:** Noah Her  
Andy Morcomb  
Susan Willenbring

**Absent:** Council Member Jake Ingebrigtson

**City Staff Members:** Christina Volkens, City Administrator  
Sara Ludwig, City Clerk  
Brian Bachmeier, Consulting City Engineer  
Andy Gitzlaff, Community Development Director  
Melanie Lee, Human Resources Director  
Nick Newton, Police Chief  
Lori Pulkrabek, Communications Manager  
Kyle Stasica, Finance Director  
Julie Williams, Recreation Superintendent  
Kevin Wold, Fire Chief

**Others Present:** Jackie Huegel, Principal, MMKR  
Laura Kittel, Tree Board Candidate

**TREE BOARD INTERVIEW CANDIDATE: LAURA KITTEL**

Mayor Zabel thanked and welcomed Tree Board (TB) Candidate Laura Kittel and explained the interview process.

Ms. Kittel provided a brief introduction about her residency and interest in the Tree Board.

Discussion ensued about her reasons for applying to the Tree Board, if she had given any thought to joining the Environmental Management Commission, and if she has any ideas about incorporating green spaces within transportation corridors.

Ms. Volkens asked Ms. Kittel to provide her full home address to City Clerk Sara Ludwig as it is a requirement to serve on a City advisory body.

Ms. Kittel asked how closely the Board works with the City Council. Mayor Zabel stated there are three main events that the Tree Board focuses on throughout the year, but the Board is working to help expand City offerings.

Additionally, Ms. Kittel asked if the Tree Board works with the other advisory bodies. Mayor Zabel said that there has been a greater push and desire to have the advisory bodies work on projects together.

### **DISCUSSION RE: TREE BOARD CANDIDATE INTERVIEW**

Council was in agreement to move forward with appointing Ms. Kittel to the Tree Board. After a brief discussion, it was determined that she would be appointed as part of the Council agenda immediately following the workshop due to the Tree Board having a meeting on June 18, 2024.

### **REVIEW OF 2023 FINANCIAL AUDIT**

Finance Director Kyle Stasica explained the reasoning for and process behind the 2023 financial audit.

Jackie Huegel, Principal with MMKR, briefly went over the auditor's role and audit results. The City received an unmodified or "clean" opinion which is the desired audit result. She noted that the City did implement a new subscription standard as required by the Governmental Accounting Standards Board (GASB).

In response to Council Member Morcomb's question about the subscriptions becoming a separate line item, Ms. Huegel stated they are still part of a lump sum within the expenditures, but there is a footnote within the annual comprehensive report that lists out the subscriptions.

Ms. Huegel reviewed the remaining audit results, followed up on prior year's findings, and other recommendations. She recommended the City continue to review the processes and internal controls in place over payroll transactions to ensure a proper segregation of duties.

Ms. Huegel presented the changes in the governmental fund balances by classification. Mayor Zabel asked about the increase in the unassigned balance from year-end 2022 to year-end 2023. Ms. Huegel stated that it relates to the General Fund balance. Ms. Volkers added that increased permit revenue, carryovers, and Special Revenue Fund balance all play a factor.

Next, Ms. Huegel went over the General Fund financial position, General Fund revenues, and General Fund expenditures. As well as the changes in financial position for the Enterprise Funds which consist of the Water Fund, Sewer Fund, Street Lights Fund, and Surface Water Fund.

Ms. Volkers asked about the difference in the Water Fund 2023 Actuals found in the 2025 Operating Budgets Memo and the numbers found in the MMKR Water Fund revenue and expense graph. Mr. Stasica explained that the numbers in the Memo incorporate transfers which would not be found in the operating-only information in the MMKR graph. Mayor Zabel added that the revenue transfers refer to assets versus cash.

Ms. Huegel explained the revenues and expenses chart for the Sewer Fund and Street Lights Fund, and the government-wide statements.

In response to Council Member Morcomb's question about the cost associated with the separate audit that would be needed if the City received more than \$750,000 in federal grant funding, Ms. Huegel said it depends on the grant that is received.

Ms. Volkers complimented Mr. Stasica on his work to complete this audit in tandem with MMKR. Mr. Stasica relayed thanks to City staff who helped during the audit process.

### **2025 OPERATING BUDGETS AND PROPERTY TAX LEVY PLANNING**

Ms. Volkers stated that these are baseline budgets for the General, Enterprise, and Special Revenue Funds. Mr. Stasica touched on what each baseline budget incorporates.

Mr. Stasica then went over the major budget assumptions for the permit's revenue.

In response to Mayor Zabel's question about the permit's revenue assumptions, Community Development Director Andy Gitzlaff explained that staff uses trendlines and estimates of development projects to develop the anticipated permits revenue.

In response to Mayor Zabel's question about the impact the decrease in anticipated permits revenue has on the tax levy, Ms. Volkers said it is due to the delay between when permits are pulled and when inspections are completed. Additionally, many contractors and one employee that the City was using in 2022 and 2023 for inspections are no longer being used, which will decrease expenses within the Building Inspection Department.

Mr. Stasica went over the major budget assumptions for the intergovernmental revenues.

In response to Mayor Zabel's question about how the one-time public safety aid is classified, Mr. Stasica stated the funds show as restricted within the General Fund.

Next, Mr. Stasica went over the major budget assumptions for other revenues and other taxes revenue.

Mayor Zabel requested that any time a future Memo states an increase or decrease, the calculation be included in parenthesis for context.

Mr. Stasica went over the major budget assumptions for the other financing sources revenue.

Mayor Zabel clarified that an increase or decrease transfer amount from the Enterprise Funds to the General Fund is going to be based on the cash flow into the Enterprise Funds which are determined by the utility rates. Mr. Stasica confirmed.

Mr. Stasica went over the major budget assumptions for the Enterprise Funds revenue and Special Revenue Funds revenue.

Moving on, Mr. Stasica reviewed the wage expenses and benefits expenses which relate to cost-of-living adjustments and fixed contributions for benefits, among many other things related to personnel.

In response to Council Member Morcomb's question about whether benefits are included in union contract negotiations, Ms. Volkens clarified that the only benefit within the union contracts is the health savings account contribution she believes.

Mr. Stasica touched on the non-Employee expenses like supplies, operating, capital outlay, etc.

Ms. Volkens asked about the percentage of the General Fund expenses for 2025 that is employee-driven. Mr. Stasica stated that 90.5% is employee-driven and 9.5% is operational.

Mr. Stasica presented on the proposed tax levy, breaking it down by General, Capital Improvement Plan (CIP), Debt Service, and Other.

In response to Mayor Zabel's question about when the first year of Debt Service Fund expenses for the new Public Works facility will be realized, Mr. Stasica said it will likely be realized for year 2026 depending on the bond call and when the first payment is due.

In response to Mayor Zabel's question about the 2025 proposed Debt Service Fund expense of \$1.8 million, Mr. Stasica explained that this is in line with existing and projected expenses; however, additional funds of \$800,000 may need to be added for the Willowbrooke Park and new Public Works facility. Council Member Morcomb pointed out that if the voters approve the additional local option sales tax (LOST) funding, the Debt Service Fund expense would decrease.

Council Member Willenbring asked for clarification on the possibility of an additional \$800,000 in Debt Service Fund expenses in 2025. Mayor Zabel stated that this would be the worst-case scenario, but the additional funds could be lower (i.e., \$200,000) or \$0 depending on the LOST vote and when the bond payment comes due.

Ms. Volkens noted that the CIP may be overestimated for the 2025 proposed tax levy.

Mayor Zabel asked for a breakdown of the \$1.8 million Debt Service Fund expense into already-issued debt and upcoming planned-for debt. Mr. Stasica confirmed he will send that information.

Mr. Stasica reviewed the position requests of Police Sergeant, Fire Marshal, Human Resources Generalist, and Public Works Maintenance Worker. He noted that the expenses related to these positions include benefits.

In response to Mayor Zabel's question about whether the Police Sergeant was covered with the one-time public safety aid, Mr. Stasica stated that the aid was used to phase-in three other Police Department positions in 2024.

Ms. Volkens brought up the possibility of budgeting for vacancies given the timeline it takes to hire personnel once Council approves the final budget. Mayor Zabel and Council Member Morcomb expressed support for this suggestion.

Mr. Stasica and Ms. Volkens explained how the Human Resources Generalist position is considered a new position request.

In response to Council Member Morcomb's question about the current Fire Marshal and proposed Fire Marshal position, Fire Chief Kevin Wold explained that the current Fire Marshal is hired on contract and works an average of ten hours per week. The proposed Fire Marshal position will be full-time and handle additional inspections and other duties that the current Fire Marshal does not handle.

Mayor Zabel suggested moving the specific Department and Fund budgets conversation to the subsequent workshop meeting. The Council agreed.

Mayor Zabel stated that the 9.1% levy increase is not feasible given the minimal change in property value.

Ms. Volkens restated that of the increase within the General Fund, 90.5% is personnel-related.

In relation to budgeting, Council Member Morcomb said that the City should assume the full cost of every project moving forward including new City buildings and City infrastructure.

Ms. Volkens offered to provide a few options that may lower the 9.1% levy increase.

Mayor Zabel brought up the role of the City Council as it relates to personnel, stating that past process has allowed for staff to make personnel decisions based on Council's direction. Council Member Morcomb agreed with keeping this process during the current budget cycle.

Council Member Her was pleased with the 9.1% levy increase as compared to the number presented last year. He was supportive of letting staff work through the personnel decisions. Council Member Willenbring agreed with the latter. She expressed concern about the Debt Service Fund expense.

Mr. Stasica stated that the bond call will not occur until October 2024 so the final Debt Service Fund expense will not be known until then.

In response to Council Member Her's question about whether the CIP proposed budget includes the Street Reconstruction and Overlay Projects, Ms. Volkens noted that a conservative budgeted amount has been included, but the final budget may be less.

Mayor Zabel was supportive of a 5-6% levy increase. Council Member Morcomb agreed. Council Member Willenbring noted that this is a tough, but necessary ask for staff.

Mayor Zabel pointed out that the City has several unique and valued services, such as an ambulance service, that are associated with high costs.

Council Member Willenbring was not comfortable suggesting a proposed levy increase percentage without all the information.

Given the discussion, Mayor Zabel clarified that only the Fund budgets conversation will take place at the subsequent workshop meeting.

### **ADMINISTRATOR UPDATE**

Ms. Volkens asked Police Chief Nick Newton to summarize the violations against Releaf Plus, a business that has requested to renew their THC Sales License.

Chief Newton stated that State confiscated product and informed the City of the seizure. Because of this, the City issued an administrative fine which has been paid by the business.

Ms. Volkens brought up the Strategic Planning location as she would like to go off-site to get away from the day-to-day business environment. Suggestions included the Washington County Historic Courthouse in Stillwater, a park, Cottage Grove, or Lake Elmo.

Mayor Zabel pointed out that State statute requires that public meetings be held within the governing body's jurisdiction. Additionally, because the Strategic Planning conversations relate to the future of the City, he would like to ensure residents have the ability to observe if they choose.

Council Member Her suggested using a facility at Tanners Lake, but was ultimately supportive of Mayor Zabel's sentiment.

Council Member Willenbring suggested a non-governmental building within the City, if possible, if a location in Lake Elmo was not a possibility.

Mayor Zabel asked staff to check with City Attorney Jim Thomson about the laws surrounding where the retreat could be held. Ms. Volkens will look into meeting space options within the City.

Regarding the Oakdale Summerfest Community Organization, Ms. Volkens mentioned that they need up to \$15,000 to pay their expenses prior to Summerfest. She asked for authorization of a \$10,000 quick payment out of the Charitable Gambling Fund and up to \$15,000 as needed. The Council was supportive.

## **COUNCIL TOPICS**

Mayor Zabel asked about the plan for the summer for the bathrooms at Tanners Lake Park. Ms. Volkens confirmed they will only be open on the weekends.

Mayor Zabel brought up leaving them open overnight so long as problems do not arise. Staff will discuss the suggestion at their weekly management team meeting, but the bathrooms will only remain open on the weekends until further discussion takes place.

In reference to the roadmap for Strategic Planning, Mayor Zabel asked if there is a step missing, specifically if there should be a meeting with the elected body, Ms. Volkens, and the consultant to set the high-level vision for the City, or roadmap for the next two-to-three years, prior to the larger group discussion with staff.

Council Member Willenbring pointed out that this vision could come out during the already-planned Strategic Planning meetings. Mayor Zabel said this additional meeting would establish the Council's high-level priorities and values, and discuss big topics.

Council Members Morcomb and Her agreed with Mayor Zabel's suggestion of an additional meeting.

Council Member Willenbring stated that it should be a combination of City staff and the City Council determining the values of the City and how those values are achieved.

It was determined that an additional meeting with the elected body, Ms. Volkens, and the consultant would be set prior to the larger group meetings, understanding that the outcome of this meeting could change given staff's perspective.

Council Member Morcomb suggested asking for the consultant's opinion about an additional meeting.

Council Member Willenbring asked that the additional meeting be defined to better understand the outcome goals for this meeting.

## **ADJOURNMENT**

The workshop was adjourned at 6:58 PM.

Respectfully submitted,

Sara Ludwig, City Clerk