

**ANDOVER CITY COUNCIL WORKSHOP MEETING – JULY 18, 2023**  
**MINUTES**

The Workshop Meeting of the Andover City Council was called to order by Mayor Pro Tem Barthel, July 18, 2023, 6:00 p.m., at the Andover City Hall, 1685 Crosstown Boulevard NW, Andover, Minnesota.

Councilmembers present: Sheri Bukkila (arrived at 6:04 p.m.), Ted Butler, Rick Engelhardt, and Randy Nelson

Councilmembers absent: None

Also present: City Administrator Jim Dickinson  
Others

***2024 BUDGET DEVELOPMENT PROGRESS UPDATE/DISCUSSION***

City Administrator Dickinson reviewed the 2024 budget progress. He stated a 3.4% increase is the best number that they have received so far for market values; however, the County has yet to update them on new numbers. He explained the City ended last year well in terms of the fund balance as revenues were fairly high. He noted they have been reserving 50% of cash flow. He discussed the debt levy and the goal to keep the debt levy as a percent of the total gross levy to 25% or less. He noted based on this year's numbers they would be around 21.5%. He shared that there is a draft of the CIP. He stated the Vehicle Purchasing Committee has met and discussed what equipment will be needed for 2024.

Mayor Bukkila arrived at 6:04 p.m.

Councilmember Nelson asked if the fire engines are included in the Vehicle Purchasing Committee discussion. Mr. Dickinson stated all of the fire equipment is included. He discussed they are also negotiating a deal to replace the axle of the newest fire engine as well since the most recent engine has some issues.

Mr. Dickinson reviewed the financial models and updates to the strategic plan. He reviewed staffing and the recent study that was conducted. He noted they are still waiting on some comparative information on how other cities settled their union contracts. He added they have a number of retirements and vacancies that will be coming up and due to this they will be focusing on succession planning, internship opportunities, realignment of resources, and cross-training. He discussed the current interns in various departments. He shared that there is Public Safety Aid for eligible towns as part of the legislative session and Andover will be receiving a one-time payment of \$1,400,000 to help address public safety needs.

Councilmember Barthel asked about the timeline for using the funds. Mr. Dickinson stated there was no timeline put on the funds. He noted they are still waiting on all of the details to spend those funds.

Councilmember Nelson asked if these funds are part of the CARES act. Mr. Dickinson stated it is State aid money that will come to the City one time, not CARES.

Mr. Dickinson stated they potentially have \$178,392 coming to assist in providing local affordable housing on an annual basis.

Councilmember Nelson asked where these funds were coming from. Mr. Dickinson stated it comes from the new sales tax.

Councilmember Butler asked about the potential capital improvements costs to prepare for the future fire stations. Mr. Dickinson estimated \$10,000,000-\$15,000,000.

Mr. Dickinson reviewed the personnel-related items are in the budget update. He also reviewed the union negotiations currently taking place.

Councilmember Nelson asked how many Staff are expected to retire in 2024. Mr. Dickinson stated that he does not have an exact number.

Mr. Dickinson explained they will need to address the front line Staff members first before moving through the rest of Staff. He discussed the mid-year review of the employee health insurance plan with a forecasted increase. He stated the County Assessor contract is up for renewal and the contract will likely decrease based on efficiencies. He discussed the Sheriff's Department contract and reviewed the proposed contract. He noted the County Board met to discuss union contracts and shared that they will be opening up these discussions and talk about wages again for Sheriff's deputies which will likely result in a greater increase.

Councilmember Butler stated they buffered this last year with some strategic reallocation of the shifts and reduction in hours. Mr. Dickinson stated they cannot do that this year, but they may be able to use some public safety aid money to help with this increase.

Mayor Bukkila explained the problem with law enforcement salaries is that they have grown over the last 25 years and there has become a separation between municipalities and counties. She noted there is now a lot of recruiting and incentives that go into hiring officers. She stated counties are now having to compete against other municipalities who are also competing amongst themselves for hiring.

Mr. Dickinson reiterated the new public safety aid funds would be a good way to fund this increase this year but not long term.

Councilmember Nelson asked if the public safety funds can go towards something like this. Mr. Dickinson said yes. He noted they can set some of the funds aside to help stagger this over time.

Mr. Dickinson reviewed the City's memberships to organizations and contributions to charitable organizations.

Mayor Bukkila asked if the lower amounts are really beneficial to the organization. Mr. Dickinson stated the organizations are happy to receive any funds but he can check with the organizations.

Mayor Bukkila asked about what these funds look like compared to what is being distributed. Mr. Dickinson stated they have tried to migrate most of these organizations funding to come from charitable gambling if eligible.

Mayor Bukkila asked if any of these contributions are internally beneficial. Mr. Dickinson stated that the Youth First programming and YMCA programming help at the Community Center.

Councilmember Nelson asked if Andover helps with any part of Stepping Stone. Mr. Dickinson stated they do not have any staffing over there just a financial contribution.

Mayor Bukkila stated she would look to increase their Stepping Stone or Hope for Youth contributions.

Mr. Dickinson reviewed the road and bridge fund and shared that they are looking at increasing this funding. He stated there will be a 2% increase for pedestrian trail maintenance as they have done in the past. He noted there was a significant adjustment made to parks after the last workshop. He added they will increase the capital equipment budget by \$25,000. He reviewed the debt service levy. He noted Ehlers and Associates the City's fiscal advisor does periodic reviews of all bonds and staff just received the review which says that they have the lowest interest rate that they can get.

Mayor Bukkila asked when the original Community Center debt will fall off. Mr. Dickinson stated it will be 2031. He noted they could be done levying in 2029 if things continue to go well. He stated they have the authority to levy until 2031. He added the current contract with the YMCA goes to 2034.

Councilmember Nelson asked if the funds from YMCA could go towards the expansion. Mr. Dickinson stated it could, but he suspects updating will be necessary at that time.

Mr. Dickinson reviewed the gross levy increase number which is proposed at 6%, which would change the tax rate by 2.56%. He reviewed the general fund analysis and reiterated that they ended last year very well. He noted there are funds available for a transfer. He shared that he would request some funds to be transferred to the central equipment garage.

Mayor Bukkila asked if they are keeping pace with the parts that they need to even function. Mr. Dickinson explained that parts costs are increasing as is fuel.

Mayor Bukkila shared that the Critical Infrastructure Committee has discussed the goal of being able to have parts shelved up to a year in advance.

Councilmember Butler asked how many vehicles do not have a frontline maintenance workload to them. Mr. Dickinson stated there are about five vehicles that have lighter use for inspections.

Councilmember Butler asked if this would be a good area to look at electric or hybrid vehicles. Mr. Dickinson responded yes.

Councilmember Nelson asked if this cash flow would possibly be able to be used for the Red Oaks neighborhood. Mr. Dickinson said yes and shared that he is not worried about the cash flow or cash balance to advance the Red Oaks project.

Councilmember Nelson asked how quickly they will be reimbursed for the Red Oaks project. Mr. Dickinson said likely within 30 days.

Mayor Bukkila stated she would like to see what things are still underfunded at their next discussion. Mr. Dickinson stated there is not much that is underfunded. He stated they will bring some proposals forward.

Mr. Dickinson asked if they want to do a trail project along Crosstown Boulevard as far as they can go, possibly to Xeon Street. The Council said yes.

Mr. Dickinson shared that he would continue to bring more discussions forward on the budget.

***ADJOURNMENT***

***Motion*** by Barthel, Seconded by Nelson, to adjourn. Motion carried unanimously. The workshop meeting adjourned at 6:51 p.m.

Respectfully submitted,

Ava Rokosz, Recording Secretary