

CITY OF ST. FRANCIS
CITY COUNCIL WORK SESSION AGENDA
St. Francis Area Schools District Office 4115 Ambassador Blvd. NW
November 12, 2024
5:30 p.m.

1. CALL TO ORDER

The City Council Work Session meeting was called to order at 5:35 p.m. by Mayor Joe Muehlbauer.

2. ROLL CALL

Members Present: Mayor Joe Muehlbauer and Councilmembers Kevin Robinson, Crystal Kreklow, and Mark Vogel.

Also present: City Administrator Kate Thunstrom, Deputy Administrator-City Clerk Jenni Wida, Deputy Administrator-Public Works Director Paul Carpenter, and Finance Director Darcy Mulvihill

3. AGENDA ITEMS

A. Council Appointments

City Administrator Thunstrom reviewed the Staff report in regard to Council appointments for 2025. She said she will need the decisions by mid-December so they can be approved by the first meeting in January.

The consensus of the Council was to discuss and consider the different appointments and come back with their decisions at a later date.

B. Compensation Study Implementation

Thunstrom reviewed the Staff report concerning the compensation study and its implementation.

Udvig said she is supportive of moving forward with Phase 1 and waiting on Phase 2 for now. She noted they need to start to get people up to the suggested wages. She added that they did this study for a reason and if they do not implement any of the suggested changes then they were not being wise with the taxpayer money they spent on this.

Kreklow asked if the budget for 2025 takes into consideration the new wages. Finance Director Mulvihill shared that the budget that they are proposing will cover these wage increases.

Kreklow asked if the City's financial forecast is able to handle Phases 1 and 2. Mulvihill stated they will have to look at phase 2 with the budget and see how they can implement this. She noted there are different ways they can do this and that will depend on what next year's budget can handle.

Robinson asked if they have any comparisons to similar jobs in the private sector. Thunstrom explained that they do not typically get compared to the private sector because the job structures are so different. She noted the pay between the private sector and the City is not a comparison due to differences in benefits.

Robinson asked if any of these are at the discretion of the City Administrator has far as capabilities, overall knowledge, and ability to complete their assigned tasks. Thunstrom explained that they should be putting all roles into implementation as if they do not put every role into consideration then they will need to look at a structure to determine what qualifications have to be met before the role can be implemented into the wage increase plan.

Robinson shared that he wants to be sure they are leaving room for people to grow in their roles. He stated he wants the steps to be reflective of someone's potential. He added that he is supportive of phase 1. He noted he hopes the residents and Staff appreciate the work that was put into this study.

Vogel asked if someone were to come in and only have some of the qualifications needed for a role if they would automatically be put on the pay scale they are discussing. Thunstrom explained that the job description gets scored and that is how they decide the pay scale of the roles. She noted they decide the pay scale based on the position and not the person. She added that when someone applies for a position, they have to score into the job posting so they will only get an interview if they meet the qualifications.

Vogel asked if Abdo looked at the job descriptions for every role during the study. Thunstrom said yes and explained that Abdo went through every job description and scored them into the new scoring criteria.

Vogel said he is okay with Phase 1 since it has already been accounted for within the budget. She added that there are not very many positions that overlap that could

Kreklow asked if there will be any potential for 'leapfrogging' when implementing phase 1. Thunstrom said no as they have so few employees. She added that there are not very many positions that overlap. Mulvihill added that they have to do pay equity every few years and part of Abdo's process is to check the pay equity that they have to send to the State and Phase 1 passed.

Kreklow asked if people will automatically start at the first step when they are hired by the City or if there is leeway to start them farther along in the steps. Thunstrom said they have started some people higher than step one to be competitive with the market. She said in the last few years they have had to start people between steps two and four just to get someone in the door.

Robinson asked if there is a probationary period before being added to the steps. Thunstrom explained that the personnel policy calls out that at the six-month mark from someone's hire date, they can be moved up a step. She said they have started people a little lower than they are looking for knowing that after six months they will be bumped up a step.

Robinson asked how the City fared as far as equity pay goes. Thunstrom stated the City continues to pass the equity requirements and have never had any issues with the State.

Robinson asked if these new numbers will be sent to the State or the League of Minnesota Cities. Mulvihill shared that this will be a part of the League of Minnesota Cities survey and pay equity will be tested in January.

Mayor Muehlbauer shared that he supports phase 1 as it is the purpose of why they authorized this study.

The consensus of the Council was to move forward with implementing phase 1 of the recommended compensation study wage increases.

C. 2025 Levy portion of the budget

Mulvihill reviewed the Staff report in regard to the 2025 levy ahead of the public hearing and official adoption.

Vogel asked where they got the meeting house value from. Mulvihill said they got this from the County.

Vogel asked what the property value is for the exclusion to drop off. Mulvihill said it is around \$485,000.

Vogel noted that none of the examples given include a property valued over the exclusion amount. He said he would like to see an example of a property so he can see what this does to the taxes. Mulvihill shared that at a \$485,000 value, the property owner would have paid \$2,428 last year and \$2,588 this year for just the City portion of taxes.

Vogel shared that his concerns with the budget have stayed the same since the last time that they discussed this.

Mulvihill asked if they were thinking about making any additional cuts to the budget.

Robinson stated they have made the decision to move forward with funding parks. He added that he is glad that they are not assessing residents for the streets. He explained that the Council is trying to do the things that the residents want and ask for and it takes money to do these things. He said he thinks the proposed levy

budget is reasonable and if they were to make any cuts they would be going backwards. He stated he is content where the budget is at.

Kreklow shared that she had originally wanted to look at using funds from the reserves to buy down the levy; however, after reviewing this, it would not make a significant enough difference. She stated the City's agencies and departments already run rather lean and she is not interested in making any cuts. She said she is comfortable with the levy as presented.

Udvig agreed with Kreklow. She explained that the Council always spends a lot of time on budget discussions as it affects the taxpayer's everyday lives, and she does not see anything that they could cut that would make an impact that anyone would notice. She said she is happy with where the budget is currently.

Mayor Muehlbauer said he is not a fan of the total levy amount; however, it is what it is and he does not see how they could make changes to this. He stated that they are funding the streets and parks more than ever before to get them under control to help in the future.

Mulvihill shared that the proposed notices will be going out to residents over the next two weeks ahead of the truth and taxation hearing.

The consensus of the Council was to move forward with the 2025 levy as presented.

D. 22746 Rum River Blvd NW Property Discussion

Public Works Director Carpenter reviewed the Staff report concerning 22746 Rum River Blvd NW.

Udvig said she is always interested in ways that they can give the residents more opportunities within the City. She noted this is one of those kinds of properties that do not come up often, but when it does, it is a great idea for them if they are in the financial position to acquire the property it would be a huge asset to the City.

Kreklow asked if there is a proposed cost for this property. She asked what kind of budget they would need to make this property into a Community Center. Carpenter said they have not been given a cost. He explained that he would have to get bids on the project to determine how much it would cost to get the property set up for a Community Center.

Kreklow asked if the existing home had a finished basement. Carpenter said it does have a basement; however, it is not finished. He said the project would involve taking out some walls to open up the space, put in an ADA bathroom, and work to the front access to allow for wheelchairs to get in and out.

Robinson said he is not normally in favor of the City acquiring new property; however, this is too nice of a property to not consider. He shared that a member of the Parks and Recreation Commission had approached him about the need for a space where Children can go after school. He stated there is a lot of potential with this property as it is right next to the park and already has good parking. He added that they already have a Facility Technician on the payroll who would be able to help with the upkeep of the building. He shared that he asked Mulvihill if they have the funds to purchase this property, and he was told that they have saved some resources from the existing building. He noted that he always wants to do more for the community and while they do not have \$200,000 for a new splash pad, they do have the funds to acquire this building. He said he sees more benefits than downsides to acquiring this building.

Vogel stated this is an opportunity that is almost too good to pass up because of the ideal location. He noted there is likely no way that they would be able to purchase this property for less than \$200,000 and the ADA work will likely cost another \$100,000. He said this is something he would like to pursue; however, they will likely have to sacrifice something else to get this. He stated they need to have an honest discussion about selling another City-owned property in order to purchase this one.

Udvig shared that if they do not purchase this property, someone else could purchase it and move in and take advantage of the park system.

Mayor Muehlbauer shared that he agrees with Vogel on this one. He noted that with everything going on right now with the increase in the levy and budget we would like to take a break on spending extra money; however, if there is something that they would be able to sell in order to purchase this location then it is a great opportunity.

Robinson asked if they knew about the revenue from the last year for events that had been held in City rental spaces. Carpenter said he did not know.

Robinson agreed with Mayor Muehlbauer and Vogel that they could sell another City property in order to purchase this one.

Thunstrom explained that the City owns 40 acres of land that have had several different plans fall through over the years. She noted that for future development on this property, it would require water and sewer connections to be in place. She stated the value of this property is struggling if they get the infrastructure down. She added that the City also owns 180 acres but there is a stipulation on when they can sell the property. Mulvihill explained that they used bond proceeds for this property and because they are still paying off the bond, they cannot sell it.

Thunstrom shared that she had a conversation with the realtor in regard to this building and it currently holds a decent sale value. She noted that as the property

is aging and the market is increasing, they may never hit an equal point to this property. She added that they are looking at possibly having a municipal cannabis dispensary on this property as well.

Robinson asked if the existing building could be a shared Community Center and dispensary if they kept it. Thunstrom explained that there are parking issues at the current site. She added that they would also need to look at the minimum space size that they could have a dispensary in.

Kreklow said she would not want a Community Center right next door to a dispensary as they want the Community Center as a place for children to go.

Robinson asked if the 40 acres the City owns could be used for residential housing. Thunstrom stated she believes it is already zoned residential. She added this is within the MUSA and it cannot be developed until there is sewer and water in the area.

Robinson asked which parcel Oak Grove has asked for future consideration for. Carpenter said it is the parcel just on the east side of town.

Robinson asked if they could remove this parcel from the MUSA. Thunstrom explained that if they did this, it would make the rate users really struggle.

Mulvihill reiterated that they were able to save some money in the building fund and they will not be delving into this as the new building is being covered by the bonding so they would be able to use this fund for the purchase of the new building.

Robinson asked if this money can only be used on buildings or if it can be used in other areas. Mulvihill said it has been set aside in the building fund; however, they can move it if they want to; however, they will still need to build it back up for building maintenance.

Kreklow asked if this is something that they can tentatively move forward with getting some pricing on so they can have some more discussions on whether or not they want to move forward. Carpenter shared that he has been following the park plan very closely and a Community Center has been in the top four requests. He said he can move forward to look at pricing and bring it back to the Council.

Mayor Muehlbauer asked what exactly this Community Center would be. He said when people think of Community Centers, they are likely thinking of multi-million dollar buildings with a lot of amenities.

Vogel asked what the timeline looks like for the property being sold. Carpenter said they do not know a timeline, but he can find out.

The consensus of the Council was to direct Staff to get pricing and numbers for this property and bring it back to the Council for further review.

E. Fee Schedule – Environmental Assessment Worksheet (EAW)

Thunstrom reviewed the Staff report concerning the fee schedule for an EAW at the Rum River Inn.

Mayor Muehlbauer asked if the EAW is needed only because the building is historical. Thunstrom said yes.

Mayor Muehlbauer asked if they would be able to designate the property a nuisance. Thunstrom explained that the City would be responsible for the EAW if they classified it as a nuisance.

Robinson asked if they classified it as a nuisance if the City would end up owning the building. Thunstrom explained that if they did this, they would assess the amount and it would go to the County, which does not have to sell it to the City.

Mayor Muehlbauer asked if they were to move forward with the fee schedule as it is, but a future developer was to come and ask the City for assistance with the EAW, if the Council would have the option to help at a later time. Thunstrom stated this is an ordinance that is in the City Code.

Kreklow asked if any of the interested developers have expressed interest in tearing the building down and starting over. Thunstrom shared that they did an exercise with HKGi on this and in order for the whole site to be developed, the pole barn would also have to come down. She explained that in this exercise where they tore both buildings down, they would be able to rebuild about a 3500 square foot building on the site. She stated if they were to remodel this building it would likely cost over \$700,000 to remodel. She shared that they are working with two developers on this site, and one is interested in tearing the building down. She added that someone else was looking at the possibility of tearing down the existing building and using the pole barn as the primary structure.

Kreklow asked if they are legally obligated to honor what is in the fee schedule currently. Thunstrom explained that the current fee schedule is misleading as they would only be collecting the \$500 in escrow but would need to collect the other \$45,500 for the EAW at a later time. She said it will be a very tough conversation of what the cost of this EAW will be.

Robinson asked if the bank who owns the property has any responsibility in this. Thunstrom explained that the lender is likely just sitting on this property and taking it as a loss. She shared that they could start pushing the vacant building codes which may speed up the process; however, there is concern that if they put too many assessments on the property then they would struggle to get it moved on the back end as someone would not want to buy it with assessments on it.

Robinson asked if they would be able to waive the assessments later on. Thunstrom said yes and noted this could be negotiated with the developer.

Robinson asked if the EAW is universal or if it is only good for one site plan. Thunstrom explained that when they start an EAW process, they have to compare apples to apples so they would need to have the site plan that would have to walk through this land use process, otherwise they would have to start over. She said they need to know exactly what is being built before they start the EAW process.

Robinson suggested starting the nuisance process now.

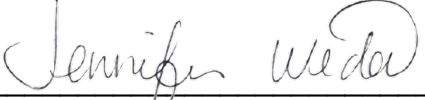
Vogel asked if the exercise that they worked up with HGKi for a 3,500-square-foot building included space for parking. Thunstrom explained that in order to get a building of that size on the site, they would have to use the existing street parking with overflow parking at the park across the street.

Vogel said he is in favor of updating the fee schedule. Mayor Muehlbauer agreed.

The consensus of the Council was to move forward with updating the fee schedule for the EAW.

4. ADJOURNMENT

There being no further business, Mayor Muehlbauer adjourned the City Council Work Session at 6:56 p.m.



Jennifer Wida, City Clerk