



Watertown City Council  
Work Session

Mayor Michael Walters  
Fred McGuire  
Adam Pawelk  
Dan Schuette  
Kay Thul

8/8/2023 - Minutes

1. Call To Order And Roll Call

Mayor Walters called the Watertown City Council work session to order at 5:30 p.m. on August 8, 2023, in the council chambers of City Hall.

Council Members Present: Michael Walters, Adam Pawelk, and Kay Thul.

Council Members Absent: Dan Schuette and Fred McGuire,

Staff Present: City Administrator Jake Foster, Public Service Superintendent Mike Dressel, and Public Utilities Superintendent Doug Krammer

Others Present: None.

2. New Business

2.1. 21 - 2024 Budget Work Session 2 - CIP

Foster presented the background on the budget process. The City Council has been maintaining a Capital Improvement Plan (CIP) for several years. Attached is a draft of the 5-year CIP. It is very important to note that this is a **working** document and will likely change based on pricing and Council direction as project, items, and pricing changes. Adopting the CIP does not mean that the City Council is required to make these purchases. It is simply meant to serve as a long-term planning roadmap.

There are several items of note listed below.

The debt schedule proposed during the 2023 CIP process called for issuances of \$1,355,000 in 2023, \$1,355,000 in 2024, and \$1,730,000 in 2027 for the general CIP Fund. (There was also a 2023 issuance prescribed for the water capital fund for the water tower). However, Council elected to combine the mill and overlay projects for 2023 and 2024 and not issue bonds in consecutive years. Per the recommendation of the City's financial advisor all street reconstruction projects

were included, but no additional items beyond that scope. The final issuance to fund the street projects within the general capital fund account was \$1,860,000 rather than the combined \$2,710,000 shown in the 2023 CIP. For that reason, staff is recommending pushing the 2027 issues up to 2025. The City's financial advisors are working updating debt scenarios based on this information. The debt scenario document used to determine the bond issuance schedules in the 2023 CIP is attached. Note: the final bond issuance for the water tower was \$3,920,000 and not the \$6,120,000 used in the debt planning document, which reflects the \$3,000,000 received from the State and additional funds and updated project costs.

### **Capital Improvement Fund:**

High Street Upgrade \$750,000 - The upgrade would be to make this more of a commercial road and paving. There isn't an immediate need but would need to be done in the near future.

Walters stated this will need to be done sometime in the future but definitely will not be able to put in the 2024 budget, but it is good to have it in there for the future need.

Evergreen Park Master Plan Development - \$2,200,000 - This has been extended to 2029. Mike Dressel stated right now the parking area is all gravel which causes issue with water on all fields currently. This project would involve paving the parking areas, curb and gutter, and water reuse irrigation system for the fields. Dressel also stated the plan is once this paved to use this area as the snow pile area which then the water would go back into the storm water system instead of the compost area like it does currently. This would also include the skate park. This would also including bring water and sewer to the location. Foster stated this could be brought to the park commission to break out these items and spread them out over 8-9 years. Thul questioned about the revenue from the park rentals. Foster explained the revenue received from the rental of the parks is basically just to cover staff time to maintain the parks and general maintenance.

This is a standard practice in cities. Foster also started with Highland Park and the big users being the high school baseball team and the Red Devils, Foster and Dressel will be having more conversations with these organizations regarding the upgrades, being these upgrades are not beneficial to anyone but these teams. The possibility of the team doing some fundraising to offset some of the cost.

Paul Ave. Collector Project - \$750,000

### **Other items of note:**

- There is a \$327,818 Park Shelter at the Community Park programmed for 2026. As the park fund has less funds available this is an item that could be moved.

- The Forest Hills 9<sup>th</sup> Addition Park price increased from just under \$30,000 to \$150,000. There is also an already existing park in the Forest Hills development. This is another item that could be easily moved and has already moved from 2024 to 2026. This is also a very small area that was programmed to fit a half court basketball court. It is something the Park Commission could look into and provide additional alternatives (perhaps and additional pickleball court). There was some discussion regarding this park would only be more accessible to only a few homeowners and the concise was to push them item out as it may not even be necessary.

- The Landings Trail Connection and Sidewalks project is programmed for 2027 to coincide with that year's mill and overlay project. This project would include constructing sidewalks on both sides of the street, as they do not exist today, but it has generally been regarded as a City standard (it is something we typically require of developers now). However, the scope of the project could be reduced to eliminate the addition of the sidewalks but keeping the trail connection. The total cost of the project is \$470,000.

Dressel stated currently the city is on a 20 year cycle for the mill and overlay projects, we are currently on year 6 of the 20 year cycle.

**Additional noteworthy information:**

- Engineering estimates have increased drastically. Staff has prioritized items, and extended others outside of the 5-year CIP to account for the increased cost. A redlined document from Phil with Bolton and Menk is attached that illustrates the price increases for the effected items. Many of these items were simply placeholders, and they have been updated to reflect a true cost now that they associated with specific projects.

- Attached is the 2022 rate study that prescribes the rate increases for each of our enterprise funds (Water, Sewer, Stormwater). The rate increases will allow for additional funds to be transferred from each of these general funds to the capital funds, but it is not certain the dollar amounts that will be available, so they have been left "flat." Attached is the debt study adopted in 2022 showing the rate increases to be implemented. Staff is having the recommended rates updated using the new figures (fund balances and project costs).

Walters would like to make sure the \$40,000 each year is kept in the budget for the pond maintenance fund.

- The \$494,000 American Recovery Plan Act (ARPA) funds have been discussed to be used for the 2024 sewer extension project to be done in conjunction with the second water tower project. These funds are showing as a revenue in the Sewer Capital Fund.

- The City will be receiving approximately \$210,000 in one-time public safety aid. \$200,000 of those funds has been programed as a 2024 revenue source in the Fire Capital Fund. The additional \$10,000 could be used to offset the cost increase of the Policing contract. Council has the discretion to allocate those funds, however, staff recommends leaving a large majority of them in the Fire Capital Fund as they are one-time funds and will not be allocated in future years.

- The starting fund balances are reflective of the items/projects already approved in 2023. Any CIP item that has not yet been approved by Council would need to be subtracted from the starting fund balances.

Foster reported there have been 2 applicants for the vacancy. Interviews will be hopefully this week or next week for the 2 current applicants.

3. Adjournment

**The meeting was adjourned at 6:29 pm.**

**309 Lewis Avenue South; P.O. Box 279, Watertown, MN 55388**

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Michael Walters, Mayor

ATTEST: \_\_\_\_\_

Jake Foster, City Administrator