

**OSSEO CITY COUNCIL
WORK SESSION MINUTES
September 23, 2024**

1. CALL TO ORDER

Mayor Duane Poppe called the work session of the Osseo City Council to order at 6:00 p.m. on Monday, September 23, 2024.

2. ROLL CALL

Members present: Councilmembers Mark Cook, John Hall, Juliana Hultstrom, Mark Schulz, and Mayor Duane Poppe.

Members absent: None.

Staff present: Interim City Administrator/Police Chief Shane Mikkelson and Financial Consultant Gary Groen.

Others present: None.

3. AGENDA

Council agreed to discuss the work session items.

4. DISCUSSION ITEMS

A. DISCUSS 2025 PRELIMINARY BUDGET

Mikkelson stated staff has been busy working on the preliminary 2025 City budget and tax levy. Staff met with Department Heads to generate budgetary needs for 2025. The attached budget is the very first draft and is subject to change many times before the final budget is approved in December. The 2025 General Fund expenditure budget totals \$4,446,600, an increase of \$433,491, or 10.80%, from 2024.

Mikkelson explained the 2025 budget includes the addition of a City Administrator, an Assistant City Administrator, a full-time Fire Chief all starting January 1, and two additional police officers, with new officer positions starting April 1, 2025 and July 1, 2025, respectively. It is anticipated that the Assistant City Administrator position will assume the responsibilities of the Community Management Coordinator position. The new positions and related payroll taxes and benefits account for a significant increase in the proposed General Fund expenditures. Staff reviewed the highlights from the draft 2025 preliminary budget in further detail with the Council and asked for questions or comments.

Groen discussed the salaries budgets in further detail with the Council noting when the full time Fire Chief and new officers would begin. He indicated these positions made up two-thirds of the increase in the expenditure budget for 2025. He reported the health insurance information had been updated and noted there would be a 10% increase. He

stated by September 30 the preliminary levy that is established can be reduced but cannot be increased. He indicated the COLA and merit increases accounted for a 7% increase. He explained police PERA aid was still being worked through by staff, stating actual numbers would be available in October. He discussed how \$160,000 in rescue dollars would be used yet in 2024 to cover expenditures. He commented further on the proposed preliminary budget and asked for comments or questions.

Hultstrom asked if the Council pay increase was included in the preliminary budget. Groen stated this was overlooked and estimated this increase would be a \$3,000 to \$4,000 increase to the budget. He indicated there would be cuts in the budget where this expense could be picked up.

Schulz questioned what the general fund reserve would be at with the proposed budget. Groen reported with the use of the rescue plan funds in 2024, the City would have a 40% fund balance.

Further discussion ensued regarding the City's debt service plan and employee health care.

Hultstrom inquired if the City would be receiving funds from the State on an annual basis. Groen explained the City would be receiving \$48,075 for 2025 in Small Cities Assistance funding. He noted this funding was reflected in the revenues in the General Fund.

Cook asked why there was an increase in legal services.

Schulz explained this was due to an increase in fees for legal services. He noted the legal services have not had a fee increase since 2018. He discussed how not all employees would receive a 7% pay increase, and indicated it was in the City's best interest to retain its employees versus having to routinely hire and retrain.

Hultstrom inquired why the two new police officers were included in the 2025 budget. Mikkelson stated this was something the City Council discussed two years ago, noting three new officers were added in 2023 and two additional officers were to be added in 2025. He commented on the long discussions that were held by the Risk Management Team regarding the police department staffing. He discussed how officers were leaving Osseo because they did not want to work alone, wanted higher pay, along with more opportunities within the department. He stated at least 10 officers would be needed in order to guarantee two on patrol at all times. He indicated it was getting increasingly difficult to find part-time officers and there were fewer people going into this profession. He reported all departments were struggling to find officers. He stated when he brought this item forward he believed the Council supported the goal of getting to two officers on the patrol at the same time, while also working improve officer retention. He indicated he was not pushing some agenda to get more cops, but rather this was an item that was discussed by the Council years ago. He commented on how safe Osseo was as a community and how dedicated the police department was to its residents.

Hultstrom stated she did recall the previous conversation. She asked how the officers would be scheduled. Mikkelson described how his officers would be assigned shifts.

Hultstrom indicated she would like to hire the two new officers mid-year in 2025. She supported keeping public safety officers safe, but recommended the City consider an extra three months or an additional time with these new hires. Mikkelson stated he was suggesting the new hires be completed in April and July.

Cook commented on how it was better for the Council to set a high water mark than to come in too low on the preliminary levy. He reported the preliminary levy could always be pared down after being approved in September.

Poppe explained this budget may include a full time City Administrator position, and some candidates are running on this, which would have a big impact on the 2025 budget.

Schulz stated he wanted to set this budget up for success and not failure. He indicated he appreciated how the Police Chief took care of this community and reported he supported the police department moving to the new staffing model. Mikkelson discussed how his officers, because the department was fully staffed, was able to offer assistance to Champlin and Brooklyn Park, noting these cities have helped Osseo for years and years.

Schulz reported the Budget and Finance Committee supported the April and July start times for the two new officers. He discussed how bringing on a new investigator would greatly assist the department.

Hultstrom asked if the Fire Chief position would begin prior to January 1.

Poppe reported this was the case. He stated this position would begin September 1, 2024.

Hall thanked Financial Consultant Groen for his detailed presentation. He stated the only problem he had with the preliminary budget was with how residents would react to the preliminary tax levy. He questioned how the City spent the \$392,000 bond that was supposed to be spent on public works equipment. He asked why the preliminary budget did not include any revenues or expenditures for cannabis in 2025. He was of the opinion Osseo should not pursue municipal cannabis given the close proximity of shops in neighboring communities.

5. ADJOURNMENT

The Work Session adjourned at 6:53 p.m.

Respectfully submitted,

Heidi Guenther
Minute Maker Secretarial