

**SPECIAL WORKSHOP MINUTES  
OAKDALE CITY COUNCIL  
AUGUST 29, 2023**

The City Council held a special workshop on Tuesday, August 29, 2023 at Oakdale City Hall, 1584 Hadley Avenue North, Oakdale, Minnesota. The meeting began at 5:30 PM.

**Present:** Mayor Kevin Zabel

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

**City Staff Members:** Christina Volkens, City Administrator  
Jesse Farrell, City Engineer  
Andy Gitzlaff, Community Development Director  
Melanie Lee, Human Resources Director  
Nick Newton, Police Chief  
Lori Pulkrabek, Communications Manager  
Kyle Stasica, Accounting Manager  
Julie Williams, Recreation Superintendent  
Kevin Wold, Fire Chief  
Jason Zimmerman, Finance Director

**REQUESTED 2024 GENERAL FUND, SPECIAL REVENUE FUND, AND DEBT SERVICE FUND  
BUDGETS AND PROPERTY TAX LEVY**

Finance Director Jason Zimmerman noted that this discussion is the fifth one in a series of discussions regarding the proposed 2024 property tax levy and associated budgets. He noted that Minnesota Statutes require the certification of a proposed tax levy for taxes payable in 2024 by October 2, 2023, to the County Auditor. Mr. Zimmerman reminded Council that the levy can only be decreased, not increased, after adoption of the proposed levy and prior to the adoption of the final levy in December. He added that the goal of the conversation is to get Council's intent on setting the proposed 2024 property tax levy.

Mr. Zimmerman explained that the previously proposed levy of 13.8% has now been decreased to 13.5% due to a number of line items that have been removed or allocated to other funding sources. Additional changes impacting the levy include amendments to a recent union settlement and the addition of the full-time Assistant City Administrator position.

In response to Council Member Morcomb's question about when the City realizes the Park Dedication Fees and how those revenue funds can offset the Park Capital Fund levy increase, Mr. Zimmerman stated the funds are not included in the budget until the City has been paid, and the spending of those funds is a policy decision. City Administrator Chris Volkens added that the park dedication fees are added to the Park Capital Fund and can be spent at any time at Council's discretion. Community Development Director Andy Gitzlaff mentioned several

other development projects that will likely pay the City a park dedication fee in the next year or two. Council Member Her related these potential incoming park dedication funds to the additional franchise fee funds that the City will start receiving in 2024. Ms. Volkens indicated that Council can discuss next year where these additional funds for franchise fees are needed and may be applied.

Mayor Zabel stated that his philosophy has always been to set a reasonable high-water mark for the levy knowing that over the next 2.5 months, Council will work to decrease the levy as much as possible. Mayor Zabel added that with the proposed tax levy included in the residents' preliminary property tax statements, it is beneficial for the City to strive to reduce the property tax levy.

Mr. Zimmerman reviewed the Changes in Assessed Median Value Residential Property which includes all single-family homes (fourplexes or less); and the process to compute property taxes using the State's Net Tax Capacity calculation. Ms. Volkens asked Mr. Zimmerman to provide a high-level definition of fiscal disparities. He explained that it is a shared tax base from commercial-industrial (C-I) development in the seven-county metro area. The tax-base sharing spreads the benefits of C-I growth regardless of property location. He further explained that the distribution amount given to each city is based on the prior year's tax capacity rate. Oakdale is a beneficiary of fiscal disparities.

Council Member Morcomb asked for clarification on Oakdale's tax capacity rate. Mr. Zimmerman said of the overall tax capacity of the City, this percentage is the amount that the City is levying to maintain operations.

In response to Council Member Willenbring's question about information on the fiscal disparities program, specifically how much has been paid in versus how much has been paid out. Mr. Zimmerman confirmed that information is available.

In response to Council Member Her's question about a targeted tax capacity rate, Mr. Zimmerman stated that there is not necessarily a target capacity rate. To follow up, Council Member Her asked how an increased property tax levy would affect the tax capacity rate. Mr. Zimmerman said it would increase the tax capacity rate but it is relative as to how much.

Mr. Zimmerman moved on to discuss the 2023 median value residential property trends and potential scenarios for 2024 based on these trends. He reminded the Council that the values used in these scenarios will change come September.

Mayor Zabel suggested that the Council work toward decreasing the City's tax capacity rate for another year in a row. Council Member Morcomb was in support of this suggestion.

In response to Council Member Her's suggestion to use the Economic Development Authority's (EDA) taxing authority to pass a 0.0025% levy to set aside a fund for development

and redevelopment in the City, Mayor Zabel noted that there is an excess in the Tax Increment Financing (TIF) fund that can be used for redevelopment first.

Mr. Zimmerman reviewed the Property Taxes for Median Value Residential Properties over the last ten years, noting the percentage changes year-over-year.

Lastly, Mr. Zimmerman went over sample Oakdale historical tax rates for actual properties and estimated values for 2024 property taxes.

Mayor Zabel asked the Council if there were any concerns with setting the proposed tax levy at 13.5%. Council expressed no concerns.

Council Member Willenbring asked if the possibility of passing the utility billing credit card processing fees onto the residents has any effect on the budget. Mayor Zabel noted that this expense will increase the Enterprise Fund by about \$75,000 due to the recent direction to staff to reduce it and pass the credit card fee onto residents. Ms. Volkens indicated there would not be a chance to vote on this specific decision, but rather the Council would vote on approving the Enterprise Fund budget. Council Member Willenbring asked how the decision regarding the credit card processing fees will be made if there is not a direct vote. Mr. Zimmerman explained that this operational process was part of the merchant contract for the new utility billing software which was approved by Council in late 2022. Mayor Zabel suggested approving the Special Revenue Fund and Enterprise Fund separately, with the option to make a motion to amend the Enterprise Fund budget at the December 12, 2023 regular City Council meeting in which these budgets will be approved. Mr. Zimmerman offered additional insight into the reason for offering online credit card payments for paying utility bills, which include a reduction of in-person and physical payment methods. Council Member Her encouraged the Council to reconsider their position on the decision to pass credit card processing fees onto the residents. Council Member Willenbring asked if City staff will have the capability to accept cash and checks if residents opt not to pay online due to the credit card processing fee. Mr. Zimmerman said he does have a concern due to the fact these payment methods have decreased significantly in recent years, but the City does have the ability to do so, it would just involve a two-step process for staff. Mayor Zabel asked if there was enough Council support to move forward with implementation of this new operational process – charging a convenience fee for online utility billing credit card payments – in January 2024. It was determined there is enough Council support, but there will be an option to make a motion to amend the Enterprise Fund budget at the December 12, 2023 regular City Council meeting if an alternative decision is preferred.

## **ADJOURNMENT**

The special workshop was adjourned at 6:37 PM.

Respectfully submitted,

Sara Ludwig, City Clerk