
MEMORANDUM



TO: Mayor Walker and Councilors
FROM: M McPherson, City Administrator
SUBJECT: **Bi-Weekly Administrator's Report**
DATE: July 26, 2022

I have the following observations and information to share from the last update:

Airport

We received the results of the MNDOT Aeronautic 5010 Inspection. While there were several items that need to be corrected, Public Works has them under control.

Development

The Sylva Purchase Agreement was on the agenda. Attorney Toven and I are working on a second Purchase Agreement to sell another parcel in the Princeton Business Park.

I have been in contact with David Carlson of Gatehouse Properties Ltd; he was interested in the multi-family project on the Pontious property near New Life Church. He has withdrawn his interest due to the doubling of interest rates and building costs increasing at nine (9) percent per year.

I also received communication from TDS Telecom; they were interested in building a broadband/internet/cable television network within the city limits. They too have determined that, at this time, the project is "economically impractical".

Public Works Director Gerold, PPU General Manager Butcher and I met with the City Engineer to discuss the County Road 4/7th Avenue street and utility project. The City will be taking the lead on the project and WSB will draft a scope to study the following components:

- Street – curb and gutter, on-street parking (one, both, neither), pedestrian facility
- Stormwater (hydraulic study)
- Intersection Improvements – 12th Street, Rum River Drive
- Utilities – water, sewer, lift station, electrical service

This first step, once approved, will likely take three to four months. The next steps will be preliminary design, final design and then construction. We are on track for a 2024 build which is when the ARPA funds need to be encumbered in a project.

The Transportation and Pavement Management Plans are nearing completion. Public Works Director Gerold and I will be meeting with WSB in August to review them and give final direction to them in order to finalize the plans.

Finance

Financial Assistance

I am waiting on a proposal from Abdo to provide intermittent financial support. They were extremely helpful during the audit and answered several non-audit questions while they were here.

Finance Software Update

The finance software update is going well. There has been a lot of training, but it is going well. Accountant Hodge is very excited about the ease of use of the software and how many steps it is eliminating in order to complete a task, be it in payroll or bill processing. The support staff at Civic Systems has been extremely helpful in resolving unusual circumstances that have arisen due to the update.

Minnesota State Aid System

Public Works Director Gerold, the City Engineer and I will be meeting with staff at MNDOT on Thursday, July 28 to review the process/steps to enter the City into the State Aid program. This will allow the City access to State Aid funds for our roads/streets.

Fire PERA Analysis

We received the attached information from Sharyn North at PERA regarding the financial status of the City's plan. As of July 11, the account is fully funded at 118%. Per the policy adopted in 2021, the funding level may be allowed to be at 113%. To that end, we are inquiring with PERA as to what the contribution level may be increased to before it drops below 113%. We will keep the Council informed as information is presented.

Grants

We are still waiting on the results from our grant application to the Federal EDA for the Business Park infrastructure. Jordan Zeller of the East Central Regional Development Commission has been tracking this application as well as others and it has been radio silence from the Federal government.

Personnel

There is no change in terms of personnel. I have, however, been thinking about the two open positions and options for the Council to consider. Once I have a plan and have had gathered input from the other managers, I will bring them to the City Council.

Interns

The summer interns have stepped up to assist and fill in on projects that were under the oversight of the Community Development Manager. We have increase their hours; any overage will be covered by the unused salary so the overall department budget should have no impact. The intern departure dates are August 12, 17 and 19, so we do not have them for very many days yet. They will be making presentations to the City Council on August 11 as to their time here.

Lodging Tax

Imposition of a lodging tax has been discussed by the City Council in past years. Attached please find the MN House Research paper on lodging taxes.

I had Intern Suiter contact the local lodging establishments for room rates and average occupancies and calculate the potential revenue based on 1, 2 and 3 percent tax amount. From her email to me:

The Rum River Motel will have a Lodging Tax Revenue of:

1% -> \$1861.50/YR
2% -> \$3,723/YR
3% -> \$5,584.50/YR

The AmericInn Hotel will have a lodging Tax Revenue of:

1% -> \$11,826/YR
2% -> \$23,652/YR
3% -> \$35,378/YR

Five (5) percent of the proceeds may be used for administration (collection), but the remaining percentage must be used to "fund a local convention or visitor's bureau for tourism and convention center promotion". As noted in a previous memo to the City Council from 2020, the Chamber of Commerce would qualify as a visitor's bureau, which could eliminate the annual contribution from the Wine & Spirits grant fund. If the Council is interested in imposing the lodging tax, discussions should occur with the Chamber regarding their interest and to develop a program for promotion using the funding.

I ask that Council discuss this and provide direction to staff as to the Council's interest. The tax may be adopted by ordinance.

Upcoming Meeting/Event Reminders

- July 27 – Public Utilities Commission Meeting
- August 4 – Study Session, joint meeting with the PUC; agenda will be a presentation from DGR on the completed rate study. The discussion will hopefully include rate structures and philosophies over the next 10 years as they relate to the PUC's Capital Plan (from General Manager Butcher).
- August 9 – Primary Election Day; the summer interns will be assisting as we are short judges
- August 10-14 – Mille Lacs County Fair; I will be splitting my time between City Hall and the Fairgrounds this week
- CGMC Fall Conference – November 17 to 18, Alexandria