
MEMORANDUM



TO: Mayor Walker and Councilors
FROM: M McPherson, City Administrator
SUBJECT: **Bi-Weekly Administrator's Report**
DATE: July 12, 2022

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

Airport

There was no July Airport Advisory Board meeting.

The final walk-through for the taxiway project was conducted on July 7; I expect that the final payment and closeout documents will be submitted soon.

Development

The site survey work has been completed on the Butch Drews parcel on West Branch Street. I anticipate a plat application to be submitted soon.

Finance

Audit

Staff will be reviewing the results of the audit with Bergan KDV on July 14; a verbal update will be provided at the meeting.

Finance

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.

The software conversion occurs at the end of this week with training to start on Tuesday, July 19.

Tax Increment Financing

The necessary resolutions to rescind or decertify districts were placed on the agenda. The next step will be to complete the necessary forms to send to the respective counties and the State Auditor. On the July bill list expect to see a check or two to return the collected increment to the counties for redistribution. My goal is to have everything complete prior to the distribution of second half taxes.

Insurance

At the end of June, we paid the premium for General Liability insurance; approximately \$130,000. On this bill list is the premium for Worker's Compensation Insurance. The premium increased approximately \$20,000 from 2021 to 2022 to approximately \$170,000. See the attached loss analysis for how the adjusted and expected losses compare over the last three years. The Police disability claim was the primary cause of the increase.

Paws Up 4 You

It appears that Ms. Struck has found a potential buyer for the former liquor store site. She contacted staff in late June to request a payoff amount and indicated that a closing would be scheduled in late July.

Grants

We are still waiting on the results from our grant application to the Federal EDA for the Business Park infrastructure.

We have had correspondence with staff from DEED regarding the Small Cities Grant; staff requested additional information regarding our application. WSB has indicated that this is a good sign that they are reviewing the application in detail – hopefully this will lead to an award.

Personnel

The Community Development Manager position has been posted to the LMC website with a closing date of August 5, 2022. We are meeting with the three summer interns Wednesday to identify additional projects and responsibilities for each of them. They have all expressed an interest in picking up more hours and we will review the budget and FSLA rules to accommodate them without running into problems. They have been a great group to work with.

Flaherty-Hood is at the stage of evaluating the market to set the new pay scale. They proposed and I countered with a selection of cities for benchmarking purposes. As this is nonpublic data, I am unable to share the list.

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 20 – Chamber of Commerce Golf Tournament; Councilor Gerold, Public Works Director Gerold, Chief Frederick and I are a foursome which should make for good comedy on my part as I have not played in over 20 years.

- 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).
- CGMC Summer Conference – July 27 to 29, Red Wing
- CGMC Fall Conference – November 17 to 18, Alexandria