

**Hastings, Minnesota  
City Council Workshop  
September 3, 2024**

The City Council of the City of Hastings, Minnesota met in a workshop on Tuesday, September 3, 2024, at 5:30 p.m. in the Volunteer Room at the Hastings City Hall, 101 East 4<sup>th</sup> Street, Hastings, Minnesota.

**Members Present:** Mayor Fasbender, Councilmembers Fox, Lawrence, Leifeld, Pemble, and Vihrachoff

**Members Absent:** Councilmember Haus

**Staff Present:** City Administrator Dan Wietecha  
Assistant City Administrator Kelly Murtaugh  
Finance Manager Chris Eitemiller  
Police Chief Dave Wilske  
Community Development Director John Hinzman

Mayor Fasbender called the workshop to order at 5:30 pm and welcomed councilmembers and staff for discussion about the 2025 Budget. Eitemiller provided an overview of what will be presented at the workshop to support the budget request.

Eitemiller reviewed the key changes in revenue and expenses. The average proposed increase in tax levies in cities in Dakota County is 8-10%. This budget proposes a 7.5% increase in the levy for the upcoming year, resulting in a balanced budget. The impact of this increase on the median value home is \$106 for the year. Other revenues come from the Rural Fire Association, ISD 200 and rate increase at the Civic Arena.

Staff changes include hiring the 2 additional firefighter/paramedics to round out commitment to 6 positions over three years, a second school resource officer, and contract support for engineering. Health insurance is anticipated to increase by approximately 10%, and the proposed cost of living adjustment is proposed at 3.5%. Inflationary increases for services and supplies and some line item increases that the City is aware of currently are included. There is an increase to debt service for the City Hall/Civic Arena project.

Infrastructure projects included in the budget are the City portion of traffic signal replacement on Hwy 55 at Pleasant and Westview. The neighborhood project, water tower reconditioning, and sewer lining program are also included for 2025. Asset management is also a focus of the 2025 budget. Deferred and preventative maintenance, pool gutters at Aquatic Center, fleet vehicle replacements, plow/dump for PW, brush truck for Fire, arena lighting and Zamboni room roof are recommended for inclusion in the budget.

Eitemiller reviewed the historical tax rate, levy, and tax capacity for the last 10 years. The preliminary tax levy impact on a median value residence in the city would result in a \$106 increase in taxes paid to the city. The fiscal disparities increased, reducing the tax impact by \$26. One per cent levy equates to \$200,499.

There are several bonding projects in the upcoming year. Continuing the Neighborhood Street project is recommended at about \$4.2M. Construction of the first Water Treatment Plant for PFAS and nitrate removal will start in 2025 at a cost of \$20.6M.

Utility rates will increase in 2025. Sewer is expected to increase 4.5% and stormwater is expected to increase 4%. The larger increase will be seen in water rates and this is due to the construction of the water treatment plants. This is the first anticipated increase, with others to follow in ensuing years. The water rate will increase by 37.3% in 2025. If the city is successful in obtaining grants or funding from other sources, this rate could be decreased accordingly.

Utility capital projects include the water treatment plant #1, utility portions of the Neighborhood project, sewer rehabilitation projects, the industrial park water tower reconditioning project, the salt shed roof, dewatering at the Hydro plant, a SCADA upgrade, sewer lift station and pump controls, and the water quality improvement project.

City staff proposed cost containment or other efficiencies that have created reductions in the budget. An emphasis on asset management now saves funds in the long run. Some projects (Vets Park Planning) have been delayed and alternate vendors are being utilized (outfit police squads). The Fire Department fleet adjustment results in a savings of \$70,000. Lighting rebates for parks/arena projects and a delay downtown master plan saves about \$100,000. Choosing to participate in an early bid and waiving prevailing wages for water tower reconditioning saves over \$300,000.

Additional saving opportunities if further savings are needed: reprioritize # of vehicles purchased/leased; reduce Community Investment Fund, delay roadside court LED lighting, council meals, delay adding firefighters, cut or delay School Resource Officer, or reduce neighborhood project. Council discussion on importance of continuing the neighborhood street projects—still catching up from past delays in projects. Concerned about additional delaying these projects for future councils to address at a higher cost.

Council discussion on comfort level setting the levy at this meeting at 7.5% and possible reductions in expenses. Council discussion about school board decision to not directly support the civic arena project. Discussion about continuing to build relationship with school board/school staff.

The Communication plan includes a press release following approval of preliminary levy; developing key messages/talking points for Council and staff to share with community, info about water rate changes, demonstrating the connection to strategic plan, interviews, social media, newsletter, Budget at a Glance, and the Dakota County TNT mailer/insert.

## **ADJOURNMENT**

Workshop adjourned at 6:54 p.m.

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Mary D. Fasbender, Mayor

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Kelly Murtaugh, City Clerk