

August 23, 2010

A special meeting of the Scandia City Council was held on the above date. Mayor Dennis Seefeldt called the meeting to order at 6:36 p.m. Council members present: Pete Crum, Connie Amos, Dolores Peterson and Mayor Dennis Seefeldt. Council member absent: John Lindell. Staff present: Administrator Anne Hurlburt and Treasurer Colleen Firkus. Guests present were council candidates: Mike Harnetty, Tom Krinke, Jim Schneider, Randy Simonson and Sally Swanson.

The purpose of the meeting was to discuss the draft budget for 2011. Hurlburt presented an overview of the budget process and timeline pointing out that the city must adopt a maximum levy by September 15. The levy information then goes on the property tax statements. The final budget can be adopted at a later date, but the levy amount cannot be increased. The final levy is then certified at the last council meeting in December.

Hurlburt explained the levy limit to which the city is subject, and went over the levy history and how much is used for operations. How the city categorizes funds and departments was looked at next, with Contractual Services being the largest expense category at 49% and Personal Services being next at 24%. Harnetty asked how many full-time employees were on staff. Hurlburt said she would prepare a worksheet for the next meeting that would reflect all employees and the total Full Time Equivalent (FTEs).

The Expense assumptions were covered on page 6 that showed no increase in salaries or wages, except for the City Council which has an ordinance based increase based on the CPI as reported in November. Any action to change the increase must take place prior to the election in November. Other expense assumptions included the increase in health insurance, PERA, property and liability insurance, worker's compensation, fuel and utilities. Assumptions for Revenue and Capital Projects were also outlined.

Staff also proposed to add one part-time (.7 FTE) position to replace the part-time seasonal position in the 2010 Parks budget. The new position would be split between 3 departments: Public Works (.25 FTE), Community Center (.25 FTE), and Parks (.2 FTE). A staff of two full-time maintenance positions is not adequate to maintain the city's infrastructure, buildings and parks, especially during peak mowing and plowing months. The average work week on an annual basis would be 28 hours, to avoid the additional cost of health insurance benefits.

Pages 11, 12 and 13 contain a summary of expenses and revenues by fund and departments and a history of expenses. Section 2 with the individual department expenses will be covered at the next budget meeting.

Section 3 – Capital Improvement Plan (CIP) was reviewed next. Hurlburt gave an explanation of a CIP and how it is required by law to have capital expenditures planned and budgeted in order to make those purchases. The CIP is updated each year at budget time. There are two changes to the CIP that affect spending in 2010.

Harnetty asked about the pickup truck that was replaced two years ago. The city ended up keeping the 1995 GMC pickup to plow snow in parking lots, cul-de-sacs and other small areas. This truck is now falling apart and needs to be replaced. It is more efficient to have two plow pickup trucks clearing snow and keeping the big plow trucks on the main roads. Hurlburt explained that the state contract allows us to buy trucks at the lowest price.

The Street Maintenance Program is also part of the CIP. To fully fund the pavement management study's recommendation would require \$600,000. The Capital Improvement Committee recommended that the budget for contractual road maintenance and repairs be increased to \$300,000 in 2011, from \$200,000 in 2010.

Another major recommendation of the CIP is to fund an Equipment Replacement Fund with transfers from departments that will require equipment purchases. The budgets for 2008 and 2009 were \$40,000 each, and the budgets for 2010 and 2011 are \$80,000 each. Even so, the fund will be at a deficit and require the city to borrow some of the cost of some major equipment purchases. The appendix contains the detail of the CIP sorted by departments and funding sources with additional detail on each project.

Section 4 contains the Pavement Management Plan. Section 5 contains information on the Statewide Volunteer Firefighter Retirement Plan, which will be discussed at the next meeting. The last part of contains tax rate information.

The next meeting is scheduled for Monday, August 30, at 6:30 p.m. A motion to adjourn was made by Peterson and seconded by Amos. The meeting adjourned at 8:20 p.m.

Respectfully submitted,

Colleen Firkus
Treasurer