

August 25, 2009

A special meeting of the Scandia City Council was held on the above date. Mayor Dennis Seefeldt called the meeting to order at 7:00 p.m. The following were present: Council members Pete Crum, Connie Amos, Dolores Peterson, John Lindell, and Mayor Dennis Seefeldt. Staff: Administrator Anne Hurlburt, Treasurer Colleen Firkus, Fire Chief Jim Finnegan, Assistant Fire, Assistant Fire Chief Mike Hinz, Assistant Fire Chief Bill Havener, Fire Relief Association President Jeff Biebl and Fire Relief Treasurer Ernie Yoch.

The first order of business was to discuss the 2009 and 2010 municipal contribution to the Scandia Fire Relief Association. The 2009 minimum municipal contribution is \$44,546. The City's budget includes a \$75,000 contribution. Mayor Seefeldt suggested a \$50,000 municipal contribution this year and leave the budget at \$75,000 for 2010. This would give the fire department and city council time to consider options for funding the increasing liability of the fire relief association. **Lindell, seconded by Amos, moved to approve a 2009 municipal contribution of \$55,000. The motion passed unanimously.**

The next item discussed was the proposed replacement of Fire Rescue #5179 (CIP Project F-010.) To get a 2010 truck chassis at 2009 prices, it needs to be ordered by August 31, 2009. The rest of the truck would not have to be paid for until delivered. While the build-out of the truck will be subject to a public bidding process, the City could purchase the chassis separately, and secure the best pricing through the state contract. The truck chassis could be purchased now out of the Equipment Replacement Fund now, which would be reimbursed next year when Equipment Certificates were issued to pay the entire cost. **Lindell, seconded by Crum, moved to approve placing an order for the chassis by August 31, 2009. The motion passed unanimously.**

Administrator Hurlburt then gave an overview of the 2010 budget. It was noted that the health insurance rates are expected to increase greatly due to the City's poor experience in the past year. The council may have to adjust the health plan details and contributions to Health Savings Account. It was also noted that the proposed General Fund Budget will be down 1.99% for 2010.

Each department's budget was reviewed by council. The **Fire** budget reflects an increase in spending for wages and salaries, which appear to have been significantly under-budgeted for 2009. Some of the increased expense has been due to several large events. Some of the 2009 cost (assisting the DNR) is expected to be reimbursed. The council needs to adopt a fee schedule so the Fire dept. can bill the railroad for fires on its property or started by its trains.

In the **Administration** budget Lindell asked about the \$25,500 for the audit. It was noted that the amount was set as part of a three year contract. The staff and council were pleased with their work. No changes were made from 2009 to 2010 in the **Council** budget. The **Elections** budget is the same as the 2008 budget, the last election year. The biggest change to the **Planning & Building** budget was the cost for the EIS and \$30,000 for zoning ordinance updates. The **Police** budget is based on a proposed contract from Washington County. The actual cost may change slightly when the union contract is settled, but not before the levy deadline of September 15, 2009. In the **Public Works** budget it was noted that Personal Services were down as we now use

temporary employees for snowplowing and mowing grass. The previous year had a budget for a three-fifth time employee, who has since retired.

Mayor Seefeldt felt the **Uptown Sewer** expense to revenue ratio needs to be reviewed as the City has taken on the some substantial expenses that were not charged to users of the system. It was suggested that it may need to be changed to an Enterprise Fund. The **Parks** budget shows an increase in the pay and hours of the temporary summer help. The pay for the skating rink attendants was reduced to minimum wage of \$7.25. The **Community Center** budget includes \$10,000 to get the 23 year old floor in the hall replaced.

The **Capital Improvement** budget Revenue page needs to be reprinted to show the correct revenue of \$25,000 of taxes. The only expense is a study of City meeting and office space needs. The **Parks Capital Improvement** budget includes projects at Lilleskogen and Wind in the Pines. However, lack of revenue in park dedication fees will limit the amount of work that can be done. The **Equipment Replacement** budget reflects doubling the 2009 revenue from transfers from operating budgets to \$80,000. The **201 Sewer** budget is expected to increase reserves in 2009 and 2010, which have been deemed inadequate by the State Auditor. No changes will be made to user fees for 2010.

The maximum total levy for 2010 is estimated to be \$1,928,647. The maximum levy will need to be set by September 15. After that, the levy can be adjusted downwards, but not be increased. Lindell felt it would be valuable to compare the 2009 Estimated Expenses to the 2010 Proposed Budget, instead of the 2009 Budget, since it appears that the City may under-spend the 2009 budget by \$200,000. Staff indicated the 2009 Estimated Expenses are an educated guess and that if the budget were under-spent, and then the city would be able to add to its reserves, which are less than adequate. Lindell asked why the city would go back and recoup the lost LGA and MVHC in the 2010 levy, and that the City could start with a total revenue number and work out what it can spend from that number. Mayor Seefeldt said he hoped we could build up reserves this year and next year by being conservative and under-spending the budgets.

The council agreed to certify the maximum levy at the September 1, 2009 meeting and not have a special meeting on September 8. They also agreed to set the public meeting on budget and tax levy for December 1 at 6:30 p.m.

Peterson, seconded by Amos, moved to adjourn the meeting.

Respectfully submitted,

Colleen Firkus
Treasurer