

August 9, 2011

A budget work session of the Scandia City Council was held on the above date. Mayor Randall Simonson called the meeting to order at 6:30 p.m. The following were present: Council members Connie Amos, Sally Swanson, Chris Ness, and Jim Schneider, and Mayor Randall Simonson. Staff: Administrator Anne Hurlburt, Steve Thorp, Colleen Firkus and City Attorney David Hebert.

Ness, seconded by Swanson, moved to approve the agenda as presented. The motion carried 5-0.

Lighted Ball field Name change to “Wayne Erickson Memorial Ball Park”

Council member Swanson presented the Park Board recommendation to change the name of the Lighted Ball field to the “Wayne Erickson Memorial Ball Park.” A sign design similar to other park signs in the city was also presented for a cost of \$1,496.54. The sign will be paid in part by a \$1,100.00 donation from the Ball field Association. The balance, as well as cost of the pillars, will be paid from the Parks budget. Swanson’s brother-in-law, a bricklayer, will donate the labor for installing the brick pillars. Swanson is also working on getting background info on Wayne Erickson on a plaque to be installed on the back of the sign.

Ness, seconded by Schneider, moved to approve the name change of the Lighted Ball field to the “Wayne Erickson Memorial Ball Park.” The motion carried 5-0.

2012 Budget

Referring to the June 14 workshop in which the position of the Building Inspector was discussed, Mayor Simonson read a prepared statement in which he suggested eliminating the full-time Building Official position and contract out that position. The statement is printed as an attachment to these minutes.

Council member Schneider said he believed all along that the Building Inspector position does not warrant a full-time position. Thorp questioned as to why this is being brought up again when it was just dealt with in June and felt it was a personal attack on him. Simonson and Schneider indicated this was not personal. Mayor Simonson indicated his suggestions were not based on saving money, but to pass on the concerns of citizens. Hebert stated this seemed like an upside down way to start the budget process. Hurlburt said the budget is based conclusions reached at the June work session, which was reducing the Building Office position to part-time. Swanson said we don’t have a full-time Building Inspector, so there is nothing to discuss, unless the Council wants to change the position to create a part-time or full-time Maintenance Supervisor, contract for the Building Official position, and figure out those salaries. Swanson wanted to know how this will affect the budget. Schneider stated his priorities were road maintenance and would like to see a Public Works Supervisor who can operate a grader and help maintain equipment. Council member Ness stated the whole budget process has just been turned on its head and how can we talk about the prepared budget report. Council member Amos stated she did not see how this idea would save the city money, and that the city would not be able to fill a part-time Maintenance Supervisor position with a qualified individual.

City Attorney responded that code enforcement has never been done in the history of the township and city until Steve took it over. Treasurer Firkus concurred that clerical staff is not equipped to handle code enforcement and Washington County deputies are reluctant to enforce a city's codes. Administrator Hurlburt responded that she had hoped the Council could have discussed with staff their overall goals and objectives they wanted to accomplish as part of the developing budget and CIP. The budget prepared was based on assumptions from the June 14 meeting in which the Building Inspector position was changed to half-time with the other half being charged to the Public Works department. This reflects more accurately where Thorp has been spending his time in supervising maintenance employees, dealing with Uptown Sewer emergencies and issue, and well issues with the Health Department. Staff thought the issue of the position of Building Inspector had been dealt with at the conclusion of the June 14 meeting with a consensus of the council to change the position to part-time and rewrite Thorp's job description; part of that to include taking over maintenance of the 201 Sewer System and the Uptown Sewer System. The public in attendance at that meeting were clearly in support of keeping a building inspector on staff. Hurlburt asked how the Council can accomplish the business of the city without the staff required. The value Thorp adds to his position will not be covered by a contracted person or current staff as there simply is not enough time in the day. Staff is stretched to the limit now.

Schneider stated his priority is more qualified staff on the Public Works Department and thinks the city could use a full-time Public Works Supervisor. Staff referred the Council to the League of MN Cities pay scale report included in the budget to look at salaries of such a position. Staff was at a loss as to how the other duties attended to by Thorp would be covered if his position was eliminated.

At the urging of the Mayor, Hurlburt took the Council through the budget. It was stressed that there are no state mandated levy limits this year, a historical occurrence, and that will give the Council the opportunity to address budget issues that previously could only be addressed by borrowing. Hurlburt indicated that until the County changes their software system to reflect changes by the State, she will be unable to tell the Council the affect of the levy on the tax rate and impact on homeowners. It is hoped that the County will have this resolved prior to having set the maximum levy.

The budget outlined assumptions that require further direction by the Council. The draft budget assumes no cost-of-living adjustment to employee wages. However, the two employees in Public Works are due for step increases next year. Hurlburt cautioned that the City may not be in compliance with state pay equity law when the next report is due in 2012 as the female Deputy Clerk and Treasurer positions are rated approximately the same as the male Maintenance Worker position, but are paid less and have no pay steps.

Health insurance was assumed a 10% increase for budget purposes, but staff will begin shopping for new coverage in September. The city has been in a large pool which has minimized increases due to its poor experience, but now has the opportunity to go on the open market and see if it can get better prices.

Capital projects were reviewed that require Council direction. If the Council wants to add or remove any projects, then the CIP has to be amended, run through the Planning Commission and approved by the Council. Implementing the plan for the Uptown Sewer system will require Council action and a decision on how to pay for improvements. Figures in the budget are engineering estimates and actual costs may be less when the items are actually purchased.

The impact of the EIS on the budget was discussed as it wraps up next year. All departments within the General Fund show a reduction in spending with the exception of Public Works and Administration. The Public Works budget increase is due to the proposed purchase of a skid loader and trailer, and moving half of the personnel costs for the Building Official/Maintenance Supervisor position from the Planning & Building budget, to more accurately reflect where his time is spent. The Public Works budget also proposes to hire a new part-time seasonal position for the summer months, in addition to the part-time seasonal position in the Parks budget for lawn mowing.

The Administration budget increase is due to the proposed increase of the Deputy Clerk's position from part-time to full-time. The increased support staff time will help the rest of the staff to deal with upcoming projects. A partial list was provided on page 10.

The Debt Service budget was reviewed noting a 25% increase as 2012 will be the first year for the full debt servicing payments on two recently issued Equipment Certificates. A detailed Debt Management Analysis was included with the budget report.

The three Capital Funds were reviewed with expected Expenses, Revenues and Fund Balances for 2012. The draft budget proposes a \$100,000 tax levy as revenue to the Capital Improvements Fund. While there are no expenditures from the Equipment Replacement Fund in 2012, it is expected to have a deficit in 2015. There may be some additional revenue in that fund when the Ford Dump Truck/Plow is sold.

The city's Enterprise Fund 602 (201 Sewer System) budget assumes that the City would allow its contract with Washington County to expire at the end of the 2011, and would take over management of that system. Council action would be required once the city has the staff with the required training and certifications.

A new Special Revenue Fund 612 is proposed to segregate expenses and revenues of the Uptown Sewer System from the General Fund. The goal is to eventually make this a self-supporting Enterprise Fund like the 201 System. The draft budget incorporates the recommendations of the Uptown Sewer System Master Plan report from Bolton & Menk. Council action will be needed to decide how that is implemented and financed. Seventy-five percent of the \$15,000 cost of that report is currently being billed to the users of the system.

Overall, the draft budget prepared by staff shows a 0.06% increase in the proposed tax levy. Staff recommends devoting any levy increase to the Capital Improvement Fund. This fund can be used to pay for road repairs or improvements, future equipment purchases or replacements, or any other contingencies or emergencies that might arise. Building cash reserves will also help reduce the need for borrowing in the future.

Mayor Simonson stated he felt citizen concerns were somewhat alleviated by what was presented in the budget. Hurlburt pointed out that the tax revenue for the Planning & Building Department budget (p. 19b) is only \$25,865 to meet the expenses budget of \$138,665 for that department, and \$11,000 of that tax revenue is non-reimbursed Planning expenses. Essentially, \$14,865 of tax revenue is supporting the Building Official position.

Swanson asked for a list of the projects and activities, such as listed on page 10 of the budget, which staff referred to in their defense of the Building Official/Public Works Supervisor position. Simonson recognized the behind the scenes work accomplished by Hurlburt, such as managing the Cable Commission debacle, that is not readily apparent to citizens and council members. Managing regulatory issues with Taco Daze events, upcoming election training to be in compliant with new laws, providing initial assistance to applicants for zoning requests, and supervising consultants were asserted as activities that consume staff time. It was also noted that the City has lost its engineer and staff will be meeting with the firm to determine who will replace him. If the Council decides to review the city's contracts, such as engineer and attorney, this will require additional staff time to implement Request for Proposals (RFPs).

The next budget meeting is scheduled for August 23. Hurlburt suggested it would be a good time to review the Fire Department budget as that is when the Fire Chief is available. A meeting time of 6:30 p.m. was set.

ADJOURNMENT

Ness, seconded by Amos, moved to adjourn the meeting. The motion carried 5-0.

Respectfully submitted,

Colleen Firkus
Treasurer

As the Mayor of Scandia, I take my responsibilities to heart. I spend many hours trying to place careful consideration on what is important for the cities welfare. Anne I have listened to your concerns and read through your previous report that was presented at a special meeting held in the community center on June 14th. Your documented reasons why it is important for Scandia to retain a full time building inspector have been carefully weighed along with its felt importance. I also do understand and appreciate the handful of citizens that came forward and voiced their desire to keep a full time building inspector. The common theme that was spoken is about how our building inspector was always available for their needs and helped them trouble shoot issues. In the short term these are all good attributes, but in the long term and what is good for the city is not always the same. Since our special meeting took place in June, I have continued to listen to citizens of our community that do not agree with the position of building inspector remaining as it is when very little building is going on in our city.

For example: we have a fleet of vehicles that need repair once in awhile. These repairs may at times require serious trouble shooting to repair them, or it could be as simple as an oil change. We take what troubled vehicle it is, to the qualified service person to address the issue and then be on our way. In the case of our John Deere tractor when something breaks down their mechanic comes to us or they take it to their shop. When fire trucks need service they come to us as needed or it is taken to them.

This vehicle repair or service needs are similar to the needs of current activity levels in construction in our city. We don't pay to have a full time heavy duty mechanic on staff for the times when we may need them. The same is true for our current building trend. We don't require a full time inspector for times when we may need them to inspect.

To the tax payer, the city is not utilizing its funds to its fullest potential. I have waited patiently for this time to be upon us to discuss next year's budget before recommending the following ideas and changes. Council it was through the forethought of Anne tackling the Electrical Inspector needs of this city that put it over the top for me and to bring this forward at this time. If one inspector position for the city can be under contract then it is my belief that one more inspectors position for the city can be under contract as well.

I am in no way telling you what you must do; I am standing before you, representing the voices of those concerned citizens that also wish to be heard. To those that wish to judge me or this council in a negative way for what I have brought forth is your right. But negative insinuations will be considered counterproductive in bringing forth change that could result in positive affect for Scandia. Change isn't a bad thing when carefully considered and we as an elected body have the responsibility to look at all alternatives for everything we do in this budget process. I expect us to take ownership of what we decide and not rubber stamp anything until we are satisfied we have done all we can.

So the following are my suggestions to consider for change and or implementation during our budget discussions. Please keep in mind that this list is not limited, but open as we work our way through the process.

Building Inspector:

- Position will become a contracted position
- 70/30 percentage with a ceiling of 70k then 30/70 percent
- The contracted position will be provided with expected rules of conduct to follow for the city.
- There will be established and published inspector times available for city inspections and hours available to the public.
- Individual must be qualified as per city requirements to include state and county professional certificates and licenses.
- The contract should include a termination clause that could be terminated by the contractor or the city in writing to take affect either in 30 or more days.
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Animal Control:

- Washington County animal control
- Dangerous dogs will be reported to the city for proper handling of city code enforcement as outlined in the **CITY OF SCANDIA ORDINANCE NO. 120**

Public Works Supervisor:

- This position will be changed to become a separate and part time position.
- Individual will provide direction in the morning as required to the crew as to what tasks need to be done with any guidance required.
- They will also be responsible for maintenance and preventative maintenance oversight.
- They will be within 20 minutes response to the maintenance building
- They will have heavy equipment experience and CDL for back up
- Will have knowledge and experience in road maintenance.
- Will be qualified for septic system oversight and testing.
- The job position will work 25 to 30 hours per week, which will be on a flex schedule.

Code Enforcement:

- We will add or authorize more hours for our new office employee to take on code enforcement notifications or follow-up, or to take on other responsibilities as the administrator deems necessary to take on the code enforcement personally.
- If verifications need to be confirmed before actions, utilize the maintenance personnel if it is on their route of other work, if determination cannot wait, then notify our police officer for verification.
- For first notification of code infractions, a phone call will be used
- Second will be a letter from the city
- Third notification will be police action.
- All actions taken and notifications will be logged into a data base for tracking all code enforcement issues.

I now invite the council to decide during this budget process what is good for Scandia.