

August 30, 2011

A special meeting of the Scandia City Council was held on the above date for the purpose of discussing the draft 2012 budget. Mayor Randall Simonson called the meeting to order at 6:33 p.m. The following were present: Council members Connie Amos, Chris Ness, and Jim Schneider and Mayor Randall Simonson. Sally Swanson arrived at 6:55 p.m. Staff present: Administrator Anne Hurlburt, Treasurer Colleen Firkus and City Attorney David Hebert.

### **Draft Position Descriptions**

Administrator Hurlburt reviewed the FT Maintenance Superintendent job description. Council member Schneider asked if FT is necessary for the Maintenance Superintendent. Hurlburt indicated the job duties would need to be significantly reduced if the position were part-time. Mayor Simonson and Council members Ness and Amos agreed the position needed to be full-time. The Minimum Qualifications were discussed. Hurlburt stressed the importance of having supervisory experience and Council agreed. Council agreed to change the language on Item 6, Water Operator's certificate, to add "or ability to obtain certification within 6 months."

The PT Building and Code Enforcement Official description was reviewed. It is the essentially the same job description created four years ago when Thorp was hired, except to add Item 9, a new ordinance concerning dogs which went into effect last year. Text highlighted in red are items that could be covered by a part-time employee, but would not be done if the position was contracted. PERA is the only fringe benefit.

An estimate of impacts to the budget showed it was more cost-effective to hire a part-time employee, but it is based on some assumptions. For example, it assumes keeping the current employee and avoiding unemployment compensation. It also assumes the reduction of staff hours will increase the need for contractual services with Legal & Planning services. These expenses may be less with a knowledgeable staff. The Council agreed on a PT position, but Ness asked the budget to be prepared assuming Thorp will leave. Hurlburt suggested we budget some unemployment to cover either contingency. Schneider asked about the pay rate for the PT position. The \$33.65 rate is what the city is currently paying Thorp, if he were paid hourly. Hurlburt estimated that a contractual person hired on an hourly basis would cost \$50 to \$60 per hour because there would be no employer contributions for FICA, etc. Hurlburt expressed her desire to keep Thorp as his experience makes him a valuable employee. Simonson also expressed his desire to keep Thorp in the part-time position. Council agreed the position would take effect January 1, 2012, and it would be offered to Thorp first. Council directed staff to start the hiring process for the FT Maintenance Superintendent position and set a salary range of \$55,000 to \$70,000.

Schneider asked what the Building Official would do in the winter months for 20 hours per week. Hurlburt stated the 20 hours per week is an average and the position may work less time in the winter and more in the other months. All the text in red indicates the additional work the employee can do when building permit activity slows down. Ness stated that these are the jobs that won't get done if you don't have someone in the position.

**Simonson, seconded by Amos, made a motion to adopt the PT Building and Code Enforcement position description effective January 1, 2012, at \$33.65 per hour and to offer the position to Thorp before advertising for the position. The motion passed 5 - 0.**

**Simonson, seconded by Ness, made a motion to adopt the FT Maintenance Superintendent position description, and to start advertising with a goal to fill the position by January. The motion passed 5 – 0.**

### **Health Insurance**

The draft budget assumed a 10% increase in health insurance. Last year the increase was 20% due to the city's poor experience, and would have been much higher without the pool. It was assumed the city could avoid a high increase like those experienced in the last several years by seeking quotes outside the SW/WC Service Cooperative pool. Staff has received the 2012 rate quote and it is better than expected at 7.5%. The pool's experience was better than expected which mitigated Scandia's increase. Since the staff does not know if better rates could be obtained by shopping outside the pool because of its experience, the carrier wants a decision as soon as possible, and it would be helpful to know what kind of benefits would be offered when hiring a new FT employee, Council agreed to keep the current coverage and the same city contributions. Hurlburt will prepare a resolution for the September 20 meeting.

**Ness, seconded by Simonson, made a motion to stay with the SW/WC Service Cooperative pool and accept the 7.5% increase, and keep city contributions to premiums and health savings accounts the same. The motion passed 5 – 0.**

### **Other Staffing Issues**

Budget assumptions include step increases for the two Public Works employees, no cost-of-living adjustments, increased the Deputy Clerk's hours from 30 to 40 hours per week, adding a seasonal Public Works employee and keeping the seasonal parks position. The step increases will require Council action after a performance review. Swanson asked when performance reviews were done. Hurlburt stated it is one of the things not getting done. Hurlburt also noted pay rates have not been increased in 3 years and inflation has been about 7% since then.

**Amos, seconded by Ness, made a motion to give a 2% increase to staff. The motion passed 5 – 0.** Hurlburt will calculate the impact of a 2% increase on the budget for review at the next meeting. She will prepare a resolution for a future meeting to implement the pay changes.

### **Sewer Systems Operations and Permitting**

A recent meeting of staff with County officials revealed a new permitting process that will affect the 201 and Uptown Sewer Systems. The County will issue permits for mid-size systems, which will include the Anderson/Erickson (A/E) part of the 201 System and the Uptown System. The County will no longer be able to provide contractual maintenance for that part of the 201 System. The city has been treating the 201 as one system, but it is divided into two parts for regulatory purposes. Staff will request that the MnPCA treat this as one system under their permit, which would be acceptable to the County. Then the city could continue to use the County for contractual maintenance. If the MnPCA turns down that request, then the city will have to hire a contractor as there is no one on staff with the proper licensure.

The County is also asking for a permit application for the Uptown System by the end of September. The Bolton & Menk report on the Uptown System was given to the County and staff believes that the report recommendations will be required as a condition of the permit, including having a qualified operator. The application process is complicated and staff is hoping to work on it with Bolton & Menk.

### **Capital Projects**

Discussion ensued as to how to pay for the upgrades to the Uptown System. Council suggested cutting the sidewalk project (\$35,000 PR-015) from the Capital Improvement Fund budget, thereby increasing the projected fund balance to approximately \$329,000 by the end of 2012. This would allow the city to borrow internally for the cost of the improvements, which will then be charged back to the users without the extra cost of issuing debt. Bolton & Menk will be finalizing their report including budget numbers based on contracting for a qualified operator. Staff hopes to have data ready by the end of September or early October so the Council can meet with the system users to discuss the rate structure and payment plan. Hurlburt also suggested that the city may be able to complete the recommended upgrades on city property (access risers and septic tank covers, abandoning a holding tank and replacing controls for the warming house pump tank) this year if there is extra money in the current year's budget.

Mayor Simonson expressed his desire not to increase the levy for 2012. Swanson stated it was not unreasonable to have a 1% increase. Staff referred Council to page 4 of the budget which shows the history of tax levy increases. The increase last year was 4.95% and in 2010 the increase was 3.10%.

The next meeting is Tuesday, September 13, a Regular Work Session meeting. Staff will have the updated budget numbers showing the impact of the changes discussed. Council will need to set the maximum property tax levy at this meeting, and set the date for a public meeting on the levy and budget.

Simonson, seconded by Ness, moved to adjourn. The meeting adjourned at 8:46 p.m.

Respectfully submitted,

Colleen Firkus  
Treasurer