

August 20, 2014

A Work Session meeting of the City Council was held on the above date. Mayor Simonson called the meeting to order at 6:30 p.m. The following were present: Mayor Randall Simonson, Council members Dan Lee, Chris Ness, and Jim Schneider. Sally Swanson was absent. Staff present: City Administrator Kristina Handt, Fire Chief Mike Hinz, Public Works Director Tim Kieffer and Treasurer Colleen Firkus.

APPROVAL OF THE AGENDA

Ness, seconded by Lee, moved to approve the agenda.

DRAFT 2015 BUDGET

Discussion started on the \$10,000 EDA item. Swanson had obtained a \$10,000 estimate for a Market Area Research Survey for a medical building on land by the fire hall. Council members recognized the need for some money for expenses, but were not in favor of a \$10,000 study. It was agreed to fund the EDA with \$5,000.

Council members also expressed a desire for a zero levy increase. Staff indicated \$70,000 would have to be cut to make a zero levy.

They reviewed the capital expenditures. It was agreed to drop the utility truck of \$76,500, which staff pointed out does not affect the levy as it was to come from Capital (\$44,000) and Sewer Funds (\$32,500).

Handt proposed putting more money into the Local Road Improvement Fund by reducing the proposed Capital Improvements levy from \$100,000 to \$50,000, since the only capital projects within the next ten years are the fire hall roof and a civil defense siren, after the 2015 projects (Log House Landing, Center parking lot and utility truck w/crane). The \$50,000 could be redirected into the LRI Fund. This would bring the balance to \$265,000 in that fund. Handt also suggested the council look at how they fund equipment replacements. Instead of levying \$100,000, knock that down to \$20,000. Smaller equipment purchases could be made from the fund and borrow for the larger pieces of equipment. Then another \$80,000 could be added to the LRI Fund bringing the total balance to \$345,000. Also, funding sources from the 2008 Pavement Management Plan suggested Franchise Fees at \$10 per month providing \$186,000 annually. If Scandia had a Franchise Fee of \$8 per month, compared to Forest Lake's \$7 per month, it would generate about \$140,000. Then the LRI Fund would be not reliant on excess General Fund balances for funding. The combination of these changes could potentially provide \$500,000 per year for roads, and every other year do a million dollar project. While this doesn't reduce the levy, the Council could cut some of this capital funding and eliminate the levy increase.

Schneider said it is smarter to borrow for the equipment than for the roads because the city has to assess if they borrow for the roads. He likes this plan but still wants to get to a zero levy. Handt suggested that if everything new proposed was cut that would reduce the levy \$32,000 of the \$70,000 needed. Fire Chief Hinz was asked if the tanker scheduled for replacement could be retro-fitted with a new chassis and safety features and what it would cost. Chief Hinz will look into it. Hinz believes retro-fitting will end up costing the city more in the long run with

emergency repairs as it is 26 years old. The truck purchase has already been pushed back by two years. Mayor Simonson expressed concern for the lack of safety features in the old truck.

Other cuts discussed in the General Fund were the audio system for the board room (\$5,500), which Simonson said was a bare bones quote, the codification of city ordinances (\$9,000), and the council salary increase (\$2,000), although Council has not seen an increase in five years. Simonson also indicated the cost for police protection may go down with the new deputy starting in January 2015. Handt pointed out the city's ordinances need updating as there are ordinances that the city is not using and the old ones from the township that all need to be reviewed. Codification does not apply to the Development Code which is already codified. Handt said this was her best estimate based on previous experience of updating ordinances and using League of MN Cities attorneys, but she could send out an RFP to see if a better price could be found. Simonson and Lee expressed support for codification while Ness and Schneider were against that expense.

Lee asked Chief Hinz if the County provides recovery services for free why should Scandia pay to provide that service. Hinz said the cost is minimal with one 2-hour training session per month plus calls and certifying the equipment, or approximately \$5,000 per year. There are two firefighters certified to dive, but they need four people to perform a dive to provide support. The team was started in 1994 with the divers buying their own equipment. Later donated equipment was received from Stillwater. Schneider indicated his support for the dive team. Ness asked under what items are the dive team expenses are recorded. Staff said it is spread out over several line items from personnel, training, misc. contractual. Lee asked Hinz to bring something to the table to cut expenses that could be considered at the next meeting.

Total cuts affecting the levy totaled \$12,500 (audio system, council salary increase, and \$5,000 for EDA). Staff was asked to make those changes to the budget as well as the changes to allocations to the capital funds by redirecting more money to the LRI Fund (\$130,000) and taking out the utility truck purchase.

ADJOURNMENT

Ness, seconded by Lee, moved to adjourn the meeting. The motion carried 4-0.

The meeting adjourned at 8:00 p.m.

Respectfully submitted,

Colleen Firkus
Treasurer