

July 31, 20112

A special meeting of the Scandia City Council for the purpose of discussing the 2013 draft budget was held on the above date. Mayor Randall Simonson called the meeting to order at 7:00 p.m. The following were present: Council members Connie Amos, Jim Schneider, Chris Ness and Mayor Randall Simonson. Absent: council member Sally Swanson. Staff: Administrator Anne Hurlburt, Tim Kieffer and Colleen Firkus. Also present were Fire Chief Jim Finnegan and Assistant Chiefs Mike Hinz and Bill Havener.

Administrator Hurlburt reviewed the timeline associated with adopting the budget and levy. Highlights pointed out were the new debt service fund 312 to separate out the 2011 Equipment Certificate from the 2010 Equipment Certificate bond on the advice of the city's financial counsel. The draft budget reflects a 5.84% levy increase. The levy is only one part of the impact on individual property taxes, when taking into account the county's Market Value Increase on property of 2.2%. There will be no state levy limit in 2013.

The biggest change in Revenue assumptions is in the Planning & Building budget as the EIS contract will be completed this year.

Changes in Expense assumptions include a 2% cost-of-living wage increase, a health insurance rate increase of 10% increase and a 5% property/liability insurance increase of 5%. Actual numbers for insurance will be available prior to adopting the final levy.

Capital Projects

Capital Projects were reviewed. Public Works equipment added to the Capital Improvement Plan (CIP) to meet future needs were a new Dump Truck/Plow (2014) to have a third plow assist in snow removal, and a Utility Truck with Crane (2015) to assist in pulling pumps for sewer maintenance. The Fire Department indicated the grant they are applying for only allows for one siren purchase per year. Therefore, the CIP will change from \$200,000 to \$30,000 for Civil Defense Sirens annually for six years starting in 2013, with grants expected to cover 75% of the cost.

Fire Department

Chief Finnegan requested a \$1.00 per hour wage increase for fire fighter wages indicating the last increase was 2007. The increase is included in the proposed salaries line item. Turn-out gear is increased by \$10,000 to replace three to four new outfits. This will be an annual replacement schedule as previously discussed with the Council. Medical Training is also up due to six new recruits to go through EMT classes, as well as four more recruits expected next year. Finnegan reported that the State will pay for Fire Fighter I training this fall for the six new recruits, so no expense by the city this year for that training. Conferences and Seminars also up due to new recruits. Refuse is up due to switching to a dumpster.

Public Works

A lift for the Public Works garage and a one-ton F-550 work truck were two needs identified by Scandia's new Maintenance Superintendent Tim Kieffer for 2013. The two-post lift is needed for safety and maintenance in lifting trucks instead of the ramps currently being used. The one-ton

truck is needed to do more in-house projects that will include asphalt patching, hauling material, and towing heavier trailers. Kieffer indicated with seasonal workers on staff they are often short of trucks to get out and do the work needed. Kieffer also made a request to amend the 2012 budget to purchase a power washer to help maintain equipment. Kieffer suggested putting the plow trucks on a 10 year replacement schedule based on a League of MN Cities study that said it is more cost efficient to replace on a 10 year schedule as it retains some resale value on equipment. A current plow truck is 12 years old. Kieffer would like to hang on to the Ford plow as a backup and add a third reliable plow in 2014 to increase speed of snow removal. The biggest increase in the Public Works budget is in Material & Supplies as more in-house projects are planned. Salt is also separated from the gravel budget. Since paving the city's remaining gravel roads have been suspended, it will be necessary to add maintain those roads with more gravel.

Council member Schneider said he agreed with all the purchases, but would like to move the purchase of the one-ton truck out a year. There was discussion as to where new equipment would be stored. Staff suggested space could be found in the city's Annex and old garage buildings. Seasonal equipment could be compactly stored when not in use.

Administration & Finance

The wage assumptions reflect the top salary rate for the new Administrator position and family health insurance benefits. These numbers can be adjusted after the position is filled. The increase in Legal Services is based on the experience of the first six months of the current year. After taking into account the cost of reviewing the Zavoral CUP in 2013, the next increase in unreimbursed costs is \$16,000. The other significant increase is in Other Professional Services to reflect the CIP City Meeting/Office Space Study project.

City Council

The City Council compensation reflects an increase set by Ordinance No. 121. The budget assumes an 8.84% increase based on the change in the CPI since the last adjustment in January of 2009. The actual amount would be set when the November report becomes available. The Council indicated they would like to stop this increase. Mayor Simonson said he would like to see mileage paid to council members that travel within the city limits on city business. The policy would have to be amended. Hurlburt suggested at least \$1,000 would need to be added to the budget to reflect mileage costs as staff has no history on which to base this expense. Council members Ness, Amos and Schneider indicated they would like to discuss this at a later work session.

Planning & Building

Expenses are significantly less due to the completion of the contract with AECOM for the Zavoral EIS. All but \$2,000 of the \$47,500 Planning Services budget is assumed to be reimbursed by project applicants.

Parks & Recreation

The expense budget reflects an increase in Events as requested by the Parks & Rec Committee. The only major expense is the resurfacing of the tennis courts estimated to be \$9,912.

Debt Service

Debt Service is down 2.98%. Debt payments will start decreasing when Fire Hall/Public Works building bond is paid off in 2015, the Equipment Certificates are paid off in 2016, and the bond for the 2007 Road Paving Project will be paid off in 2017.

Future Meetings

Council agreed to cancel the August 15 budget workshop as interviews are scheduled for that date for the Administrator position. The next budget workshop will be August 28 to discuss the 2012 budget amendments for Public Works, the policy for paying mileage to the Council and a levy resolution.

Ness, seconded by Amos, moved to adjourn. The meeting adjourned at 8:55 p.m.

Respectfully submitted,

Colleen Firkus
Treasurer