

September 2, 2020

A work session meeting of the Scandia City Council was held on the above date with modifications. Due to the health advisory issued by the State regarding the COVID-19 outbreak, to avoid public gatherings and limit social contact, the meeting was conducted over an electronic platform. All council members and staff who joined the meeting remotely could hear each other and contribute to discussions. City Administrator Cammilleri and City Treasurer Firkus were present in the Council Chambers. Cammilleri was the presenter and displayed the meeting materials for participants to view on their remote screens.

Mayor Christine Maefsky called the meeting to order at 6:30 p.m. The following were participants to the meeting: Council members Jerry Cusick, Steve Kronmiller, Chris Ness, Patti Ray and Mayor Christine Maefsky. Staff participating: City Administrator Ken Cammilleri, City Fire Chief Mike Hinz, City Engineer Ryan Goodman, and City Treasurer Colleen Firkus.

APPROVAL OF AGENDA

City Administrator Cammilleri presented additions to the agenda:

- 6a) Selection of Councilmember for upcoming Public Works labor contract negotiations
- 6b) Schedule budget workshop before September 30 preliminary levy certification
- 6c) Discussion on Anderson Erickson sewer capacity issues

Ray, seconded by Ness, moved to approve the agenda as amended. Motion carried 5-0 by roll call vote.

DISCUSSION ON ZONING & DEVELOPMENT CODE UPDATE PROJECT

Jennifer Haskamp, Swanson Haskamp Consulting, reviewed the proposed Community Survey draft being used to gather public comments rather than an open house due to COVID issues with large gatherings. Two main topics are being addressed with this survey: 1) issue identification, and 2) do neighborhoods look like people think they should look. Feedback from the Planning Commission and City Staff brought up concerns on how people are using design guidelines and accessory buildings. Haskamp asked for Council input. City Administrator Cammilleri asked how the survey would be distributed and how to maximize social media to get responses. Using a postcard to reach residents was suggested. Council members requested more identification of opinions of higher density zoning in the Village Neighborhood with smaller lots to accommodate young families and seniors, locations of an additional business park and an assisted living facility. Councilmembers also asked for consistency on using the term Village Center rather than Old Village, and fix the contradiction in Question 17's response choices. Haskamp suggested adding a question on location of retail which would include the area by Big Marine General Store on Manning, Highway 95 that has Crabtrees, Abrahamson's and now the Rustic Roots Winery, Uptown where the store and strip mall are located, and Highway 97 including the Business Park. The Mayor expressed concern about the current map showing expansion of greater density going west on 97 past Novak in an AG area. Haskamp will bring these changes for the Council to review at their meeting in September 15.

FINANCIAL PLANNING PROPOSAL FROM EHLERS & ASSOCIATES

Jason Aarsvold, Ehlers & Associates presented a proposal for a long-term financial management plan as a tool for decision making of capital expenditures and how to fund them. Total cost was not to exceed \$15,000 billed at \$250 per hour. Aarsvold indicated their proposal was the same or less than recent proposals for other entities as the city is small and has less complicated utilities (Uptown & Big Marine Sewers). The product can provide City Staff with tools to run scenarios with 10-year projections and the impact on tax rates. City Engineer Goodman, City Administrator Cammilleri and City Treasurer Firkus all spoke of the need for this type of long term planning due to the many looming capital needs of the City and the consistency it will provide in capital planning and expenditures as Capital Committee members, Councilmembers and City Staff change over time. Aarsvold will provide some sample products at Mayor Maefsky's request and the Council tabled a decision until their September 15 meeting.

DISCUSSION ON LAYTON AVENUE TEMPORARY DRAINAGE IMPROVEMENTS

City Engineer Goodman presented two different plans to address regular complaints that have been received by the City on drainage issues on Layton Avenue. Goodman indicated these would be temporary measures as this localized issue is being addressed within three major projects that are planned for a larger area in the Bliss Stormwater Plan for 2021 and 2022. Both options do not treat the water runoff that will flow into Big Marine Lake. Treatment of water runoff will occur in the big projects. Affected homeowners Jeff Dahlberg, Brad Bergo and James Krummi spoke to the issues they are having with water runoff impacting their properties and asked to have the Watershed District to partner with the City on Option #1. All parties agree that the amount of fill brought in for a new home construction at 19107 Layton exacerbated the issue as water used to drain through that property. City procedures were changed in home permitting by requiring grading permits overseen by the City Engineer to prevent this from happening again. The Bliss Stormwater Plan is waiting for the Watershed District to complete their survey and lake study in order to have the data to make a competitive grant application. The City will then partner with the Watershed District in implementing the Bliss Stormwater Plan. Councilmember Kronmiller suggested since the problem has been going on two years that a stop-gap measure could be taken. Councilmembers asked how much of the changes for the temporary measures could be preserved within the big project. Goodman said as much as possible, but things would need to be uniform within the project. While he would bid the road so it doesn't have to be re-done, damage may occur from heavy equipment used in the big project. Goodman suggesting bonding right now for the big project and hope for a grant later to get reimbursed. Mayor Maefsky requested staff to reach out to the Watershed District regarding this issue and possibly schedule a public hearing depending on the response from the Watershed District.

Ray, seconded by Kronmiller, moved to take a second look at Option 1 and see if the Watershed District will help fund. The motion carried 5-0 by roll call vote.

DISCUSSION ON APPOINTMENTS TO TOURISM COMMITTEE

Ray, seconded by Kronmiller, moved to appoint Julie Gacek and Lisa Schlingerman to the Tourism Committee. The motion carried 5-0 by roll call vote.

SELECTION OF COUNCILMEMBER FOR UPCOMING PUBLIC WORKS LABOR CONTRACT NEGOTIATIONS

Council appointed Steve Kronmiller and Chris Ness to the labor contract negotiations committee.

SCHEDULE BUDGET WORKSHOP BEFORE SEPTEMBER 30 PRELIMINARY LEVY CERTIFICATION

Next budget meeting set for Monday, September 21, at 6:00 p.m.

DISCUSSION ON ANDERSON ERICKSON SEWER CAPACITY ISSUES

City Engineer Goodman has commented for several years now on capacity issues on variance requests for new or expanding homes connected to the Anderson Erickson side of the Big Marine Sewer. The City took over management of the system in 2012 from the County and made some corrections as well as a capacity study. Pump readings are exceeding permitted levels which should halt any new or expanded volume connections. City Administrator Cammilleri spoke about a recent variance request in which the applicant was directed to get their own septic system even though they have a current connection with the existing structure. Cammilleri pointed out the Big Marine Sewer Fund does not have any reserves to expand the system. Cammilleri also pointed out the lack of definition in the sewer ordinance to define what is a new connection and whether or not a new home in the area is mandated to connect to the city's sewer system. An unanswered question for the above variance request is if the new home plan is reduced to the size of the current structure, would they still need a new septic system. Cammilleri will be consulting with Goodman and the City Attorney to address this issue.

DISCUSSION ON 2021 BUDGET PROPOSAL

City Administrator Cammilleri presented highlights and changes to the 2021 budget since the last budget workshop. The Big Marine Sewer rate changed from 5% to 7% which will provide an extra \$6,100 per year. This sewer budget also starts expensing depreciation through a capital line item to build up reserves for future maintenance and replacement. Uptown is in a better position and its 5% increase would provide about \$500 more per year. Neither sewer fund has the capacity to deal with replacement of aging infrastructure. Since the sewer budgets are not dependent on the levy, finalizing these budgets can be done at a later time.

The Capital Improvement Budget is proposed to have a \$100,000 tax levy and provide a \$10,000 three-year loan to the Big Marine Sewer Fund. An additional \$85,000 was added at the request of the Councilmember Ray for reducing the timetable of internet expansion and it will make the DEED grant request more competitive. A more detailed plan is expected from the Internet Action Committee to outline where this expansion would be and how much it would cost.

Fire Chief Hinz indicated the second fire station request has been on the Capital Improvements Plan for many years. A second station would provide financial benefits to residents in the area by increasing the ISO rating on their property thereby lowering their homeowners insurance costs, expand the recruiting area, increase response time, and possibly generate revenue through new service contracts with other cities. Mayor Maefsky asked for a written report outlining these benefits and more detail on the costs of bringing the targeted city own lot into compliance to build on the site.

City Engineer Goodman provided long-term budgetary information for road maintenance projects on a 7-year cycle to maintain new or reconstructed roads. The Contractual Services budget within the General Fund Public Works Department has been used in the past to budget this maintenance. The City may want to consider adding these costs to a bond issue on a big street project. A long-range financial plan could help plan for these expenditures.

Administrator Cammilleri provided an explanation for the impact of this proposed budget based on the City's tax rate and tax capacity. The estimated tax capacity increase is 7.3% from 2020 to 2021. The estimated tax rate in 2021 is 31.64%. A chart was shown how this affects the property taxes on a range of homes. For an average home value of \$389,211 the city portion of the tax levy would increase by \$6.70. This means with a tax levy increase of 9.63%, the increase on individual property taxes is .17%.

ADJOURNMENT

Ness, seconded by Ray, moved to adjourn the meeting. Motion carried 5-0 by roll call vote.

The meeting adjourned at 9:17 p.m.

Respectfully submitted,

Colleen Firkus
Treasurer