

November 1, 2017

The City Council conducted a Work Session on the above date. The following were present: Mayor Christine Maefsky, Council members Bob Hegland, Chris Ness and Jim Schneider. Council member Steve Kronmiller arrived at 7:12 p.m. Staff present: City Administrator Neil Soltis, Fire Chief Mike Hinz, Public Works Director Adam Hawkinson and Deputy Clerk Brenda Eklund.

Mayor Maefsky called the meeting to order at 6:30 p.m.

APPROVAL OF THE AGENDA

Mayor Maefsky requested that consideration of a Parks and Recreation Committee application received from Dan Lee after the deadline be added to the agenda.

Hegland, seconded by Ness, moved to approve the agenda as amended. The motion carried unanimously by those present.

DISCUSSION ON PURCHASE OF FIRE DEPARTMENT GRASS RIG

The 2017 Equipment Replacement Fund budget includes the replacement of the 1995 Brush Truck. Fire Chief Hinz presented quotes received for the truck and recommended award to the lowest from Danko Emergency Equipment Company at a cost of \$89,996.00. The model is a 2018 Ford Super Duty F-350 4WD flatbed equipped with firefighting apparatus and compartments. Hinz stated that the truck is on a 20-year replacement cycle and the replacement has been moved out 2 years and that repairs are needed to keep it operating safely. The truck is used for wildland fires and for traffic control at vehicle accidents. The current truck is estimated to have a resale value of \$12,000 to \$15,000.

Council discussed the timing of future equipment replacements scheduled for the fire department in 2023 and 2025. Hinz noted that the 2017 SCBA capital purchase is dependent on grant funding. In response to discussion on deferring the replacement Administrator Soltis noted that the cash is available and that the cost of needed repairs will likely exceed any interest earned on the funds. Hinz stated that the truck is will have new foam fighting equipment and modern hazard lights among the updated features. In answer to use by the Public Works Department, PW Director Hawkinson and Hinz replied that it would have dual use for PW purposes as well. Council member Ness stated that it is important to have an operating brush truck considering Scandia's terrain.

Ness, seconded by Hegland, moved to approve the purchase of a 2018 Brush Truck at a cost of \$89,996 using funds from the Equipment Replacement Fund. The motion carried unanimously by those present.

DISCUSSION ON 2018 OPERATING AND CAPITAL BUDGETS – FIRE DEPARTMENT

Council member Hegland requested the discussion on Charging for Services be moved up to the first topic of discussion. Council was in consensus to this change.

Discussion on Charging for Services

At the last work session, staff was asked to provide information on charging for fire department services and calls. Fire Chief Hinz provided survey results from other Washington County departments. Some types of nuisance calls are billed out, but generally most departments do not charge for services, and noted concerns that people may not call knowing that they will be billed which could make situations such as fires and medical situations much worse. Soltis added that a survey of communities along Highway 8 indicate that Taylors Falls and Shafer both charge for charge for services. In further discussion it was estimated that charging for services could generate around \$5,200 annually.

Council member Hegland advocated that this will be a necessary component as small departments struggle with budgets and staffing. He said this would help to offset costs with revenue. There are a number of calls that have a right to be charged; for example, power companies for downed power lines. Hegland said they need to have a dialogue on making operations more efficient and fully evaluating options such as having a core crew responding to medical calls and modifying the composition of the Department to enable members to be trained and available for only medical or fire responses and that this might help to increase the number of volunteers.

Council member Schneider said that fire and public works services are expected by the taxpayers, and billing elderly people may have drawbacks, but revenue of \$5,200 a year is something to look at, based on collecting \$100 per call. Mayor Maefsky said she would have some concerns on charging for services. Council member Ness said that calls such as false fire alarms and negligent fires should be billed as the Lower St. Croix Valley fire department does.

Council asked staff to research the following:

- Categorize the calls to see which calls could be billed out.
- Based on these calls provide an estimate of the revenue that could be generated.
- Determine the firefighter pay in communities that charge compared to other departments
- Evaluate the experience and compensation for other communities that have implemented duty pay or provide for differing responses to fire and medical calls.

Discussion on Change of Fire Chief Position to Part-Time

As discussed during budget talks, Chief Hinz has proposed to change the Chief's position to a 24-hour week job compensated with a stipend (no benefits) beginning in 2018. Hinz said this would begin a transition to a full-time chief which he feels will be needed in the future. He currently spends about 10 hours a week on Fire activities and which leaves many items not being completed, such as fire inspections, reporting, inspections to pre-plan response and emergency response plan. Hinz would cut back on his full-time job to manage the duties of the fire department. He noted that an increased stipend is offset with savings in the department, resulting in a \$25,000 increase to the budget.

Council member Kronmiller said that Hinz's current hours are not sufficient to manage a department this size and there are gaps that need to be fixed. He said that he would like to see increased time result in tangible outcomes, such as policies, pre-plans at businesses and group

homes completed annually, personnel evaluations, and detailed monthly and annual reports. Hinz said that the increased position would get the department up to standard; keeping up with changing technology is a huge time investment, as will be inputting information into the County response system for the new CAD operations beginning next year. Council member Hegland offered that some of the clerical work and maintenance work on the trucks could be delegated to other city staff.

Council directed staff to revise the job description based on Hinz's points of the proposal with a rate of pay and to check on any labor law or benefit issues before further discussion at the next work session.

Discussion on Fire Contract with May Township

The current 3-year agreement with May Township for providing fire and EMS services to a portion of the township expires at the end of this year. Generally the contract rate has been based on a negotiated rate of increase. Based on the 2015-2017 contract, May Township's 2017 cost for services was \$34,212. Administrator Soltis explained that May Town Board has requested a change to the basis of determining the charge by factoring in market value of taxable and non-taxable structures and percent of the population within the service area, as well as the percentage of fire calls. This change in allocation would fluctuate and need to be determined each year. Soltis noted that the factors that have been requested to be used are not readily available with the exception of the number of runs.

Council member Ness said the contract should continue on the basis of a 3% annual increase. Council was in consensus with these terms.

Maefsky, seconded by Schneider, moved to offer May Township a 3-year contract for fire department services at a 3% annual increase. The motion carried 5-0.

Discussion on 2018 Fire Department Budget

Based on the discussions above, the fire department's budget was adjusted to reflect a 3% increase in revenue with the May Township contract, and the Fire Chief's increased wages remained as proposed.

DISCUSSION ON 2018 OPERATING AND CAPITAL BUDGETS – WASTEWATER UTILITIES

Uptown Sewer System Rates and Budget

Administrator Soltis presented the recommendation from the Wastewater Advisory Committee to amend the rate structure for the Uptown Sewer System to correct the disparity of cost per gallon of flow between the large and small users. The current formula which is based primarily on a \$13,000 fixed charge spread equally between the users results in billing of roughly \$0.035/gallon for large users and \$0.35 for the smaller users. The Committee recommended using a fixed charge of \$3,000 per year spread among the 9 users, with the remaining charges based on metered flow (\$47.00/1,000 gallons). This reduces the disparity to \$0.05/gallon for large users and \$0.11/gallon for the small users. Soltis said the Committee recommended increasing the

rates to provide a reserve for future capital improvements planned for 2018 and 2022. The users will be notified of the proposed changes which will be incorporated into the 2018 budget.

Kronmiller, seconded by Ness, moved to approve the Uptown Sewer System rate structure as recommended by the Wastewater Advisory Committee. The motion carried 5-0.

201 Sewer System Rates and Budget

Administrator Soltis presented the recommendations from the Wastewater Advisory Committee for users of the 201 Sewer System as follows:

- Add a charge for septic tank pumping for those users needing tanks pumped more frequently than once in two years.
- Increase sewer rates by 10% in 2018
- Increase the connection fee per dwelling from \$4,250 to \$8,000 to be more comparable to other cities.

Soltis noted the 2 major capital improvements that are in the 2018-2022 Capital Improvement Plan: \$200,000 for A/E drainfield improvements in 2022 and close to \$1 million for nitrate treatment in the Bliss in 2025. The sewer fund does not have a replacement reserve and any reserve would not accumulate sufficient funds to have a significant impact on the future capital needs. Council member Schneider said that there is no way the users can pay for the nitrate project, and it would be better to look for a replacement site instead of continuing with a 35-year old septic system.

Ness, seconded by Kronmiller, moved to approve the 201 Sewer System rates and fees as recommended by the Wastewater Committee. The motion carried 5-0.

These changes in revenue will be incorporated into the 201 Sewer budget for 2018. Users will be notified of the proposed changes in advance of the December 6 public hearing on the budget.

LEVY FOR THE GENERAL FUND

Administrator Soltis explained that the projected fund balance at the end of the year is projected to be \$1,478,964, exceeding the budgeted 2017 year end fund balance of \$1,258,774, largely due to the increased building permit activity this year. Based on the Fund Balance Policy, the excess funds above 50% of the total general operating fund expenditures can be used to reduce the levy or transferred to a capital improvement account. Soltis expressed concern that the 50% is too low since property tax revenues are not received until July and recommended \$100,000 be left in the general fund as a cushion, and the remainder used to reduce the levy to 0% increase or transferred to the Local Road Improvement fund to reduce the amount of debt to be issued in 2018 for projects.

Council member Kronmiller stated that the excess should go to the 201 sewer fund to help finance future sewer projects, due to the past decisions of the County and Council in not setting aside a reserve. It was brought up that general funds cannot be used to support the separate enterprise sewer funds. Council member Schneider questioned if the excess should be transferred to the road fund to prepare for next year's road project.

Hegland, seconded by Ness, moved to leave \$100,000 in the operating budget as a cushion, to reduce the 2018 levy to a 0% increase over the 2017 levy, and to transfer the remaining funds to the Capital Improvement Fund.

Discussion: Council member Schneider asked what the citizen reaction would be to a 0% levy when there are problems to fix. Mayor Maefsky said that small budget items were dismissed early on, but having the funds in the Capital Improvement budget allows for options. Soltis said that funds can be transferred out if needed.

The above motion carried 5-0.

DISCUSSION ON COMMITTEE / COMMISSION POSITIONS

Planning Commission Vacancy

Three applications were received to fill the vacant term on the Planning Commission:

- Greg Amundson
- Dustin Hegland
- Perry Rynders

Council was in consensus to schedule a special meeting at 6pm on November 21st to interview the applicants and then make an appointment at the regular meeting that evening.

Parks and Recreation Committee

Cami Van Abel was the only application received by the deadline in response to the 2 vacancies on the PRC. Dan Lee's application was received after the deadline.

Hegland, seconded by Schneider, moved to appoint Cami Van Abel to fill the term expiring on February 28, 2022 and appoint Dan Lee to fill the term expiring on February 28, 2019. The motion carried 5-0.

Wastewater Advisory Committee

Council member Ness proposed that an additional residential user representative be added to the Wastewater Committee which currently has 3 user representatives. Ness recalled that it had been made up of 2 Bliss users and 2 A/E users in the past. Ness recommended that Dan Cartier, former member representing the A/E users, be invited to join to the committee.

Ness, seconded by Hegland, moved to offer Dan Cartier an appointment to the Wastewater Advisory Committee. The motion carried 5-0.

DISCUSSION ON WETLAND SETBACKS

Following several variances from wetland setbacks recently approved, Council requested further discussion in order to provide the Planning Commission direction on changes to the shoreland ordinance currently under review. Planner Buss provided a report on wetland standards and buffers used by local communities and watershed districts.

Council member Kronmiller said that the same buffer requirements used by the watershed districts should be implemented for consistency. Council member Schneider disagreed that a driveway meets the definition of a structure and should not be held to the setback standards as it has minimal impacts. Kronmiller noted that if the detailed classification system for wetlands were used, then the variances for driveway locations would not have been needed.

Council was in consensus to direct the Planning Commission to adopt the watershed district buffer requirements as the setback standards for unclassified water bodies in the shoreland ordinance amendments, and to add an exception for de minimus impacts.

FUTURE WORK SESSIONS

Council member Schneider requested outstanding park fees be on a future work session agenda. Council member Kronmiller requested a discussion on funding the parks department. Mayor Maefsky added an evaluation of goals and objectives of the Parks and Rec Committee.

ADJOURNMENT

Kronmiller, seconded by Hegland, moved to adjourn the meeting. The motion carried 5-0.

The meeting adjourned at 9:36 p.m.

Respectfully submitted,

Brenda Eklund
Deputy Clerk