

December 3, 2014

A Work Session meeting of the City Council was held on the above date. It was also a Special Budget Meeting to hold the public hearing on the 2015 Budget and Tax Levy. Mayor Randall Simonson called the meeting to order at 6:30 p.m. The following were present: Mayor Randall Simonson, Council members Chris Ness, Jim Schneider and Sally Swanson. Council member Dan Lee arrived at 6:46 p.m. Staff present: City Administrator Kristina Handt, Public Works Director Tim Kieffer, Fire Chief Mike Hinz and Deputy Clerk Brenda Eklund.

APPROVAL OF THE AGENDA

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

PUBLIC HEARING ON 2015 BUDGET AND TAX LEVY

Administrator Handt presented an overview of the 2015 budget and tax levy. The Council met in a series of budget work sessions beginning in August and set the maximum tax levy at 2.14% on September 3rd. The levy cannot be increased from this point but could be decreased. A total levy of \$2,217,509 is proposed.

Proposed spending will be increased from 2014 due to the increase in funding Capital Improvement Projects such as the Log House Landing, fire tanker replacement, seal coating the Community Center parking lot, and the reconstruction of Quinnell Avenue. With payoff of the Fire Hall/Public Works Building Bond in November 2014, the Debt Service Fund is seeing a decrease of 16% over last year's budget. Spending from the General Fund, at a 7% decrease from 2014, include codification of the city's ordinances, council chairs in the Board Room, tree trimming and grubbing along Pilar Road and adjacent roadways, hiring a permanent Part Time Parks Maintenance Worker and additional funds to Vinterfest.

In 2015, \$345,000 will be levied to add to the Local Road Improvement Fund along with a transfer of \$200,000 from the General Fund. Additional revenue could be added from assessments or franchise fees; although Handt reported that residents responded to the fall survey with an overwhelming majority that road improvements be funded through general tax levies. Funding \$500,000 per year will allow the city to plan for significant reclamation work every other year.

Handt presented figures which showed a reduced 2015 tax capacity rate for Scandia properties over last year, ranking roughly in the middle of all Washington County communities.

Mayor Simonson opened the hearing for public comments at 6:51 p.m.

Janie O'Connor, 14682 Oakhill Road, spoke in support of funding improvements to Lilleskogen Park and especially the butterfly garden. She asked that the Council support the Planning Commission's recommendation to budget \$22,000 from the General Fund for construction of the park's curb and parking lot, so that development of the park may continue since this has been the City's plan since 2007. She provided statistics of donations and volunteer hours dedicated to the installation of the butterfly garden in 2014.

Brad Borg, 19609 Oxboro Circle, also supported funding Lilleskogen Park, and provided figures which showed the variances of 2015 budgeted amounts versus actual averaged expenses over the past 3 years for certain line items within the General Fund. He estimated a potential \$27,241 could be available to fund Lilleskogen Capital Improvements in 2015, along with the collection of \$7,000 in park dedication fees, for a total of \$34,241. Borg noted that only 0.9% of the entire Capital Improvement Plan projects are potential park items. He asked that the City reconsider and reprioritize parks funding and not rely so much on donations.

Dean Schuster, 13877 195th Street, asked for direction on how to dispute the valuation of his property. Handt explained that the 2015 valuations are set, but that he should look for his 2016 property statement in March and will have an opportunity to address this at the Board of Appeals held with the City in April.

There were no further comments and Mayor Simonson closed the hearing at 7:04 p.m.

Council member Schneider listed off his concerns with the budget and stated that he is looking at ways to shave money to put towards roads. He asked Fire Chief Hinz if he has cost comparisons of new versus refurbished tanker replacements. Hinz said that he is waiting to hear back from two more vendors. Handt stated that the funds for the tanker purchase are not part of the levy and will come from funds in Equipment Replacement.

Council member Lee asked if there will be unused funds in the Fire Department budget, as Borg's figures suggested. Handt explained that this is not a fair reflection of expenses, as their budget has been reduced in the past 2 years and there should be some wiggle room since its unknown how many calls the department will respond to in 2015. Handt noted the City's practice of putting the excess funds into roads.

Council member Swanson recognized the momentum that is supporting Lilleskogen Park as O'Connor's handout showed, along with the EDA's support to develop the park as the entrance to the City. She stated that she hopes there is some way to do something to give it the push it needs.

Lee agreed that it's important to find a way to get it funded since it has been in the works for a long time and it's not fair that it is languishing by relying on donations.

Schneider asked how the park dedication fees of \$7,000 are estimated. Handt explained that along with the current \$1,000 balance, the two subdivisions approved this year will be paying park fees in 2015.

Simonson asked Public Works Director Kieffer what effects a delay on paving the lot would have on the work that has been done up to this point. Kieffer said the drainage control work had to be done this year, but it could be solid for the next few years. He recommended that it's most cost effective to do all the paving and curb/gutter work at the same time rather than piecemeal.

Simonson noted that parks are an important part of the community, but in a public forum 2 years ago the voice of the crowd was not in favor of building more parks in Scandia.

Swanson stated that the development of Lilleskogen Park has been in the Comp Plan for a long time. She can't foresee any more parks being built and this one just needs to get done.

Lee offered that \$5,000 to \$7,000 for the dive team could be cut from the Fire Department and moved to fund Lilleskogen. This had been discussed at earlier budget sessions. Simonson stated that the County has the ability to fulfill the obligations of the dive team and primarily operates for recoveries and not rescues. He said he is uncertain of the total value of the mission's aspect. Council member Ness stated that he would be open to cutting funds for the dive team, but he could not commit to funding the Park tonight and would like to review other potential things.

Council continued to discuss if any changes would be made to the levy. None were identified, but Handt explained that if they decide to move funds towards Lilleskogen, reassignment of funds could come later by way of budget amendments.

Schneider suggested that with the reassignment of Deputy Majeski, now may be the time to cut the contract for police services with the County since they are obligated to provide coverage for Scandia anyway. Simonson noted that there are many benefits the City receives with the contract, like the DARE program, National Night Out, the rapport built with citizens and such. Swanson agreed there is a value to having a dedicated police service.

Schneider requested that Sheriff Hutton be invited to attend a January or February Work Session to discuss the police services and to provide quantitative numbers. Ness and Lee were also in favor of this meeting.

Simonson announced that the Final Budget and Levy Adoption is scheduled for the Council's regular meeting on Tuesday, December 16, 2014 at 7:00 p.m.

Lee recommended that they continue to research options for finding \$15,000 to go towards constructing the parking lot at Lilleskogen. Swanson noted there could be possible excess funds from the 2014 budget which would be determined by next February.

Swanson, seconded by Lee, moved to apply unspent funds from the 2014 budget towards Lilleskogen Park up to \$15,000, with the remaining unspent funds going towards the Road Improvement Fund. The motion failed 2-3, with Ness, Schneider, Simonson opposed.

Handt stated that a resolution for adoption of the 2015 budget and tax levy will be prepared for the next meeting with no changes.

LOG HOUSE LANDING

Chair of the Log House Landing Improvement Project Christine Maefsky reported that they have made significant progress, but are reluctant to make a final design decision until a cost analysis comparing gravel to paving is analyzed. After speaking with County Commissioner Miron and

County Engineer Sandberg, the County has agreed to prepare this report at no cost and will present the design options and cost analysis to the Committee on December 17th. Sandberg agreed to fast track the project so that it can stay on schedule to have bids out by April.

Maefsky explained that the Committee will reach a consensus on the design at their December 17th meeting and present to the Planning Commission at a special meeting in January. The Council will have the recommendation at their January 20th meeting and the Watershed at their January 28th meeting. There will also be a meeting with the DNR grant engineers regarding the variance request for a narrower road.

Maefsky noted the Planning Commission's recommendation to approve the Log House Landing Project in the CIP with the understanding that the project is in conformance to the Comp Plan. Also, there is potential that Quinnell Avenue could be considered as an approach to the landing and the planned road improvements here could be eligible for funding from the grant money.

Mayor Simonson suggested the Committee keep in mind that the Council has given their consensus on the preliminary design of a narrower road with a paved surface, and could this be used to expedite their decision. Maefsky stated that they understood they had authorization to look at all options since this site has such a complex set of issues.

Administrator Handt presented a schedule provided by County Engineer Sandberg with milestone dates which has the project being put out for bids in April. Council member Ness stated that the County is putting lots of effort into the project and it is worth a delay that still meets the intent to start the project in the spring.

Simonson, seconded by Ness, moved to adopt the new schedule for the Log House Landing Improvement Project Special Committee as submitted by County Engineer Wayne Sandberg and the County will facilitate this schedule in order to meet the deadline for the project. The motion carried 5-0.

DISCUSSION ON ORDINANCE NO. 157 RELATED TO HISTORIC STRUCTURES

Adoption of Ordinance No. 157, to allow exemptions for historic structures, was tabled at the last meeting due to concerns about bringing outside structures into Scandia and allowing an exemption in all zoning districts. Planning Commission Chair Maefsky stated that their intent in recommending approval was to preserve what historic buildings exist in Scandia, as barns are an important historical connection to Scandia's agricultural past.

Council member Schneider voiced concerns about making this a blanket ordinance for all of Scandia and may have detrimental effects in the long run. Much discussion on defining a structure as historical, the number of buildings that could be allowed on one parcel, the process for approving them, and where this would be allowed continued. Handt asked for direction on what suggestions the Council wanted in an ordinance, and gave as an example the Gacek property that is preserving a farmstead setting.

Handt listed off the concerns that will be addressed in an amended ordinance for review at the next Council meeting: to wordsmith the definition of historic building, to limit this to Scandia buildings or those that are in communities contiguous to Scandia, restrict to lots that are at least 4 acres in size, to allow only one additional structure in excess of allowed accessory structures, and to allow in the GR and AG CORE zoning districts only.

Council member Swanson asked if there is enough language in the code to protect from undesirable consequences. Handt suggested that a CUP process would be stricter and more costly, although the intent was to balance the process with making the preservation of historical structures less burdensome. Swanson stated that an applicant would spend the time and money for a CUP if they are trying to save a building.

Simonson, seconded by Ness, moved to require a Conditional Use Permit as the process for allowing exemptions for historical structures. The motion carried 5-0.

Staff will prepare a revised ordinance with the suggested amendments for review at the next meeting.

DISCUSSION OF BUILDING INSPECTION SERVICES

Administrator Handt reported that Forest Lake may not be able to continue the contract for building inspection services due to a proposed cut to the Forest Lake staff. Handt said that the Council may want to consider options for building and septic inspections, as Council member Schneider had earlier proposed taking septic inspections over from the County.

Schneider recommended that the inspections be combined; more revenue could be collected if the City also did point of sale inspections.

It was the consensus to see what Forest Lake does; if Scandia's contract is eliminated, the City will put out an RFP for combined building and septic inspections.

ADJOURNMENT

Ness, seconded by Swanson, moved to adjourn the meeting. The motion carried 5-0.

The meeting adjourned at 9:00 p.m.

Respectfully submitted,

Brenda Eklund
Deputy Clerk