

September 4, 2019

The City Council conducted a Work Session on the above date beginning at 6:30 p.m.

The following were present: Council members Chris Ness, Jerry Cusick, Steve Kronmiller, Patti Ray and Mayor Christine Maefsky.

Staff members: Fire Chief Mike Hinz, Public Works Director Adam Hawkinson, City Attorney Eric Sherburne, Deputy Clerk Brenda Eklund, Treasurer Colleen Firkus and former City Administrator Neil Soltis.

APPROVAL OF THE AGENDA

Mayor Maefsky announced an addition of Agenda #13a.) Use of Fire Truck at Taco Daze, and #13b.) Share Pump issue.

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

WASHINGTON COUNTY HISTORICAL SOCIETY PRESENTATION – FUNDING REQUEST

Brent Peterson, Executive Director, Washington County Historical Society, presented a project to build a Heritage Center for the whole County. A building was purchased in 2013, leased to MNDOT and is now paid for. The Historical Society is currently raising money to renovate the building. The Society has received a \$1 million grant and has reached 30% of its capital campaign goal. The hope is to be open in one year. Peterson requested the City of Scandia to contribute \$3,000 per year for 5 years for a total of \$15,000. They will be requesting donations from all the communities in Washington County. No action was taken by the Council at this time.

2020 OPERATING & CAPITAL BUDGETS; ESTABLISHING A MAXIMUM PROPERTY TAX LEVY

Neil Soltis, contracted former city administrator, presented a working draft of the 2020 Budget and reminded the Council a maximum property tax levy needs to be set by the end of September, with a public hearing scheduled for the December 4 work session. This information will be included in the preliminary tax notices sent out by the County. Soltis pointed out the levy has been kept flat for three years due to extra money in the General Fund, but that extra funding is not projected to be available in 2020. Most of the increase in the proposed budget is in the General Fund. Capital Improvement Committee has recommended \$30,000 in new levy for Park development as Park Development Fees have not been a reliable source to get projects completed. Soltis has also recommend that the Local Road Improvement Fund (LRIF) levy of \$55,000 for 2020 be revisited as there is an extra \$200,000 left over from the last road improvement project. The projections of the LRIF being exhausted by 2024 does not take this into account.

Soltis pointed out the Taxable Market Value is projected to increase 12% and the levy increase is 10%. In 2019 the levy was \$3.44 per \$1,000 of valuation. Based on the 2020 levy, the levy is projected to be \$3.38 per thousand of valuation.

The General Fund is property tax reliant and the city has a policy to maintain a balance of 50% to 65% of annual expenses as property taxes are paid out only twice a year. Soltis doesn't see a decreased General Fund levy unless the Council wants to take the expense cushion down to 50%. Increases in the General Fund include the new wage plan and contractual services in Administration and Public Works. A new item is a solar subscription that has a monthly payment totaling \$14,000, but it is offset by solar credit revenue.

The Cable Fund has no tax impact as all revenue comes from franchise fees. No change is projected in the EDA Fund or Debt Service Funds. The Capital Improvement Fund has no tax impact, and it has been the recipient of past excess revenue, which is not expected to continue into 2020 and projects will start to spend that balance down. The Equipment Replacement Fund has no tax impact, but the balance is going down so a transfer from the Capital Improvement Fund is projected in 2021. In the Park Capital Fund there was a loan of \$100,000 in 2018 from the Capital Improvement Fund. A lot sold on Olinda Lane repaid that loan in 2019. A \$30,000 levy is requested to fund proposed park projects along with DNR grants. The Zamboni replacement is the most significant expenditure; half funded by grants yet to be sought out. The Local Road Improvement Fund retained a \$210,000 surplus from the last project and can be used to offset the \$55,000 levy request for the Capital Improvement Fund. The Capital Improvement Committee recommended annual funding through the levy to build up a balance. The Council agreed to remove the \$55,000 levy from the Capital Fund utilizing the surplus \$210,000 from the LRIF.

A rate increase of 5% is projected for both the Uptown and 201 Sewer Systems as recommended by the Wastewater Committee. Both systems are supported by user fees with no impact on the levy.

Total levy would go from \$2,257,000 to \$2,485,000. Nothing in there for broadband funding. The Council could decide later how to fund broadband. Property taxpayers will see a small increase in their taxes due to the market value increase, even though the rate per thousand went down.

Eklund asked how the Historical Society donation would fit into this budget. Soltis recommended using the Capital Improvement Fund as you can only make a one-year commitment through the General Fund, but could make a longer, non-binding, commitment in the Capital Improvement Fund.

Councilmember Ness requested a reduction in the levy by \$55,000 in the LRIF. Ness also asked to table the discussion on the Historical Society donation until the next meeting. Council requested the preparation of a resolution for the next meeting to set the maximum levy at \$2,429,946 which is a 7.5% increase.

TOBACCO ORDINANCE

Councilmember Ray presented an argument for a revised tobacco ordinance with a minimum age of 21. Liz Heimer, American Lung Association, who specializes in tobacco control policies and works with Washington County Public Health, spoke to the effort to get communities in Minnesota to pass the T21 Policy. Forty-one communities in MN have passed the T21 Policy contributing to a statewide movement to protect youth. The T21 Policy removes procurement,

possession and use penalties as a growing body of evidence suggests that the penalties don't work when usage is due to addiction and may have harmful unintended consequences for youth by sending them early into the criminal justice system. A focus on penalties of users also diverts focus from deceptive retail marketing practices. State law penalties are still in place, but the state is drafting ordinances to eliminate penalties. The T21 Policy is estimated to have a 25% decrease in initiation rates in youth; its purpose is to help not harm youth.

Deputy Clerk Eklund reviewed the ordinance changes and requested discussion on the proximity clause of 1,000 feet from other tobacco retailers and youth-oriented facilities, which includes parks and would apply to new licenses only, not existing or renewal licenses. Use of 2,000 feet would eliminate any new retailer of licenses tobacco products in the uptown area, which could impact a new owner of the gas station and the Scandia Mercantile. Council agreed to use 2,000 feet tobacco retailers and 1,000 for youth-oriented facilities. Indoor smoking and sampling prohibitions are already prohibited by state law so not needed in city ordinance. Minimum clerk age to sell is 18 under state law. Councilmembers Ness and Cusick recommended clerk age stay at 18 and not raise it to age 21. **Ness, seconded by Cusick, moved to not increase clerk age to 21 and keep at age 18 as in state law. The motion passed with Ness, Cusick and Kronmiller voting yes, and Maefsky and Ray voting no.** Purchase, use and possession penalties were removed based on the recommendation of the American Lung Association. The ordinance includes an Administrative Penalty maximum up to \$1,000 to pay city costs like a hearing officer. Attorney Sherburne clarified Sec. 3(c) comment 28 & 29 licensure is calendar year; comment 46 fees set by resolution recommend to take it out as fees are set by ordinance; comment 52 age verification if appear to be age 30; comment 75 remove ability to seek criminal penalty but still keep an administrative penalty. Two notice requirements: 30 days to all current licensees and public hearing notice is 10 days. Public hearing set for October 15.

COMMUNICATION GUIDELINES

Attorney Sherburne shared some broad guidance on communication guidelines as questions have come up regarding use of email and other electronic communication. He pointed out areas of regulation on data. Anything considered city business can be possibly classified as government data should not be destroyed. There is a formal records retention schedule that the city follows. If a councilmember has an official record, they can give it to Brenda to store. The city has a communications policy and he cautioned that anything created becomes public data and is discoverable under litigation. There is no expectation of privacy. Official communications should be distributed through Brenda so an official record can be kept. Use of electronic communication devices during meetings is prohibited. It is prohibited under policy to Reply All to email; not supposed to forward email or add recipients to an email. Guidelines say every email should be a new communication, other than a direct reply to the sender. Responses on social media should have a disclaimer it is a personal opinion, not an official city position. Personal devices used for city business should use passwords, security software, and the city administrator should be notified of any breaches immediately. Source of regulations from Minnesota statutes and existing city policies. New councilmembers should be receiving packets with these guidelines.

UPDATED MIDCO PROPOSAL FOR HIGH SPEED INTERNET

Councilmember Ray presented a list of 6 reasons to partner with Midco for internet expansion and requested the Council approve moving forward with partnering with Midco and pursuing a

DEED grant. The City's contribution would be \$160,000. Councilmember Kronmiller reminded the Council that they voted last month to proceed with CTC for internet expansion, but no action was taken. Councilmember Ness asked how this helps 236 unserved people in Scandia. Kronmiller estimated 60 unserved people would get service with the Midco proposal. Kronmiller also disagreed with the need to act quickly as too many homes are not included, Midco wants to use wireless but speeds are less than wired services, and discussions should continue with CTC. Bob Wilmer, Cedarcliff resident, spoke to how they installed a wireless internet service from a tower across the river in Osceola for 9 households in their neighborhood. Their speeds are 300/300 and has been reliable. They do not have cable, but streaming is available, as well as Voice over IP. Kronmiller reported that CTC is working with Franconia to wire the township for \$3.3 million and with a DEED grant, and would like to know those details and see what CTC could offer Scandia. Councilmember Ray reiterated that there is a deadline for the DEED grant in September and Midco is willing to act now.

Jesse Pereboom, Internet Focus Group member, expressed his fear that Midco will not be willing to complete their coverage in Scandia and no other provider will be interested in the remaining 30-40%. John Herman, Cedarcliff resident, suggested it is a problem for the City to pay a large amount of money to serve a small number of people. The Cedarcliff system users have found their 300 speed for the whole group has been more than adequate. Wilmer monitors their usage and they rarely use all the capacity. Studies indicate people really only need 100. Beth Moore, asked if Midco has agreed in writing to service the whole city and how will the rest of the city be served. Kristin Novak, Focus Committee member, said the city should question technology as fixed wireless may not work with the topography, and over half of constituent's homes will not be served. Nick Simon runs a business out his home, experiences dropped service, and questioned why the city would start over when Midco is already out there. Rusty Williams, thinks the board should look at both companies and the parent companies as one is not U.S. based. Williams questioned why the City needs spend other people's money to provide internet as a service. Ed Anderson has Frontier and said Midco is not interested in coming to his Bone Lake neighborhood. Jim Simpson said it is irresponsible to look at one provider and it is up to the individual to get their own internet, but internet has become as important as electricity.

Ray, seconded by Cusick, moved to pass a resolution to partner with Midco in applying for a DEED grant and sign a letter of support. Ness expressed empathy for the unserved, but 50-60% of people opt out of available Midco service and he can't justify making people pay for something they don't want. Kronmiller suggested the city have a referendum. The motion passed with Ness, Cusick and Ray voting yes, and the Mayor and Kronmiller voting no.

BROADBAND EXPANSION COMMITTEE

Councilmember Ray proposed an Interaction Committee be formed with two goals; 1) cover every house in Scandia that wants high speed internet, and 2) minimize the impact to taxpayers. The Council asked Ray to prepare a proposal for the next meeting.

ORDINANCE ENFORCEMENT CONCERNS

Councilmember Kronmiller asked how the City should deal with ordinance violations. Historically the town board would do a spring tour to look for code violations. Then the City had a building/inspector/code enforcement officer for 4.5 years. Former city administrator Handt

instituted a formal complaint-based program where a complaint form had to be completed to initiate action. The Mayor suggested a committee be formed of two council members with the deputy clerk and the attorney to come up with a process to handle code violations. Councilmembers Cusick and Ness volunteered to serve. Deputy Clerk Eklund is currently sending out notices on some violations using Deputy Peters. Attorney Sherburne mentioned the City has not fully built-out the Administrative Citation program which involves appointing someone to hand out Administrative Citations and hiring a Hearing Officer for challenges to a citation.

CITYWIDE CLEANUP EVENT

The Mayor proposed a citywide cleanup event in which dumpsters are provided in denser neighborhoods to assist in cleaning up problematic properties. Public Works Director Hawkinson said there are companies that sponsor these events in which other communities are invited to participate where people can bring trash to a central location for about \$1,200. Councilmember Cusick questioned the spending of taxpayer money to clean up private properties and enable code violators. There is also a question as to who would monitor what gets put in a dumpster. No action was taken by the Council.

CONSTITUTION WEEK

Ray, seconded by Ness, moved to support Constitution Week by reading and signing a Proclamation in support of our country's constitution. The motion passed 5 – 0.

UPGRADE MIDCO'S BROADBAND SERVICE TO CITY HALL

Treasurer Firkus requested the Council consider upgrading the City's internet service plan from MBX75 (75X7) to a higher speed plan to provide better operation of the cameras recently installed on the warming house and provide better streaming service to users of the community center. **Ray, seconded by Ness, moved to upgrade the City's internet service to MBX120 (120x12) at a cost of \$105.00 per month under a 60-month contract. The motion passed 5 – 0.**

HIRING OFFICE ASSISTANT/RECREATION PROGRAM COORDINATOR

Ness, seconded by Ray, moved to hire Katherine Koschak as the Office Assistant/Recreation Program Coordinator at a pay rate of \$16.10 per hour. The motion passed 5 – 0.

FIRE TRUCK FOR TACO DAZE

Maefsky', seconded by Ray, moved to allow the use of a Public Works tractor and Fire Truck for a water ball event at Taco Daze. The motion passed 5 – 0.

SHARED 201 SEPTIC PUMPS ISSUE

Public Works Director Hawkinson spoke to an issue where the electricity was turned off to a home which powered a shared septic pump. The City has a policy to hook up a temporary pump and plug it into the house that needs the pumping. The resident refused that option. The tanks had to be pumped. Electrician's cost to wire it separately is estimated \$3,875, or Xcel could put in a meter right at the pump box and run it to the pole for \$2,375 electrician's cost, plus Xcel's costs. Attorney Sherburne spoke to the issue of potential claims against the city for overflows. If the city puts in its own meter, then others with shared tanks may want the same option. Council

directed the attorney to send a letter with outlining their options and the city's responsibility to them as users of the system. The letter would include requesting permission to plug in a temporary pump and reimburse the resident for the increase electricity cost up to \$2 per quarter while the city investigates a more permanent solution to restore or replace the existing connection. If the resident refused the city to plug in a temporary pump, then the resident would be charged for any pumping costs.

FUTURE WORK SESSIONS

1. Email and use a system with more capacity for system; archiving emails
2. Internet Action Committee
3. Security for the City – report to Council existing system
4. Vinterlights!

ADJOURNMENT

Motion by Ness, seconded by Ray, to adjourn the meeting. Motion carried 5-0.

The meeting adjourned at 10:16 p.m.

Respectfully submitted,

Colleen Firkus
Treasurer