

MEDINA CITY COUNCIL MEETING MINUTES OF JUNE 30, 2010

The City Council of Medina, Minnesota met in special session on June 30, 2010 at 6:37 p.m. in the Medina City Hall.

I. Call to Order

Members present: Weir, Crosby, Siitari, Smith

Members absent: Johnson

Also present: City Administrator Chad Adams, City Planner Dusty Finke, Public Works Superintendent Steve Scherer, City Finance Director Jeanne Day, City Police Chief Ed Belland and City Engineer Tom Kellogg.

II. 116 Trail Change Order

Adams requested Council approval of Change Order No. 3 to the project to allow more time for the contractor to complete the project. Staff recognizes the project was delayed due to wet weather in June.

Weir moved, Smith seconded, to approve Change Order No. 3 to the CSAH 116 Trail Project. Motion passed unanimously.

III. 2011 Budget Work Session

Adams provided a general overview of the budgeting process to date and advised that the intent of the meeting is to get broad policy feedback on some key budget issues prior to Staff submitting a complete budget draft to the Council for future review.

Municipal State Aid (MSA) – Adams and Kellogg provided an overview of the MSA program via a slide presentation on the City's eligibility to participate in the MSA program in 2011. He explained the MSA program is more flexible than initially understood in regards to designating roads, receiving and borrowing funds, etc. He stated the City will receive between \$150,000 and \$250,000 a year beginning January 2011 for road improvements that the City designates as MSA roads in Medina. He outlined the various pros and cons of accepting the MSA funds.

Discussion was held on the truck traffic regulations and how they could be imposed with MSA designated roads.

The Council agreed to direct Staff to prepare a report on the feasibility of identifying MSA roads in the City in conjunction with controlling truck traffic.

City Tax Levy and Tax Rate – Adams stated the City's tax levy restriction for 2011 is projected by Staff to be between 3% and 5%, not including any special levies. He

provided a handout of some other cities' tax levy, budget, tax rates and median home values as a reference tool.

Discussion was held on the City's needs, level of services, employee compensation and how they will all impact the tax levy decision.

The Council agreed to discuss the preliminary tax levy at a future meeting after Staff implements any direction provided from this meeting into the budget.

Contractual Services – Adams provided an overview of the consultant and service rates approved for 2010, which were primarily all at 0%, and a few that were being proposed for 2011 at 0% or a reduction. Adams requested direction on whether Staff should request the consultants and service contracts to limit their increases to a certain rate.

The Council agreed to address the rate issue after more statistics become available on what other municipalities may be doing for 2011 rate increases.

Staffing Compensation and Resources – Adams stated the current budget draft includes a plug number for restoring employee wage step increases, cost of living at 3%, union contract increases and projected benefit increases. He stated no new hires were proposed for 2011 and explained the refilling of positions for the full-time planning and part-time Community Service Officer in July 2011.

Discussion was held on the options for compensation increases for employees and options to provide staff resources in the Planning Department if activity increases.

The Council agreed to address the compensation issue after more statistics become available on what other municipalities may be doing for 2011 increases.

The Council agreed to direct staff to discuss the rate increases with the Union.

Capital Improvement Plan (CIP) – Adams outlined a few primary capital projects for 2011, including the continuation of assessments/bonds for road improvements, and equipment certificates for equipment replacement and needs. He requested direction on how to pursue the public works facility and city hall needs in the CIP.

Discussion was held on the level of need for the roads, equipment, public works facility and city hall projects.

The Council agreed that the Public Works Facility was an identified need to be addressed and the timing for the project will be discussed later in the budgeting process; the Council further requested an updated list of issues with the City Hall facility.

City Fees – Adams stated the fee revenues to existing services would likely not bring in substantial revenue to be a factor in the tax levy approval discussions. He provided some

options for establishing a street light utility, business licenses for fire inspections, and charging for fire calls as user based revenue generating options.

Discussion was held on the options for establishing a street light utility, business licenses and charging for fire calls.

The Council agreed to direct Staff to prepare additional information on how a street light utility could be established in Medina.

City Services – Adams handed out a memo that outlined the various mandatory/essential services as well as other discretionary/non-essential services being provided by the City. He stated that the Council should review the memo and determine if the number and quality of services being provided by the City meet the City's core mission and values.

The Council agreed to review the memo and use as a reference tool as needed during future budget deliberations.

GASB Statement 45 – Day provided a slide presentation of the issue and questions raised during the audit presentation on May 18th. She explained statutory requirements in Minnesota and how other states are paying for or subsidizing payments for subsidized post retirement payments under conditions, unlike Minnesota, where retirees pay for the premiums. She discussed the implicit rate subsidy, blended rate, and some illustrations on the accounting and contributions from the employer.

Discussion was held on the City's unfunded liability amounts, post retirement health benefits for employees, and potential requirements for accounting.

The Council agreed to direct Staff to provide an annual report/explanation of the recorded unfunded liability in the annual financial statements.

Storm Water Utility – Adams provided a background of the Hennepin County Public Works Facility not paying their storm water utility bill since it was initiated. The County had been trying to advocate their site was designed to contain all storm water within the site. He added that Staff did not agree with the County's position and since the County had not provided any evidence on their claim, that the County should pay the bill and future bills in their entirety. He stated the County has agreed to pay the bills, if their penalties are waived.

*Smith moved, Weir seconded, to waive the penalties on the County's storm water charges if the County pays their principal balance in full. **Motion passed unanimously.***

Adams also provided background on the MPCA storm water utility bills that have not been paid for the closed sanitary landfill. He stated City Staff has exchanged conversations and correspondence with the MPCA with no positive result. The MPCA is stating that MN Statute does not specifically state they have to pay a storm water charge for this property. Adams added that the City's legal counsel, MN City Stormwater

Coalition and the League of MN Cities have all reviewed this issue and have not found a statutory argument to counter the MPCA's position.

The Council agreed to direct Staff to have the City Attorney prepare a memo outlining the legal facts of the issue.

Water Capital Improvement Fund – Adams and Day explained that the Water Capital Fund is experiencing a negative fund balance as connection fees from projected residential growth have not kept up with the debt service payments for the water treatment plant. Day stated the City could utilize the existing cash resources to continue making the debt service payments until connection fees are regenerated.

The Council agreed to utilize the existing cash resources to make debt service payments until connection fee revenues become sufficient through housing and commercial growth.

Other Items – Adams stated the City has removed all contributions to other organizations for 2010 as previously directed by the Council in 2009. He stated that a citywide community survey, desired to be conducted every five years per previous Council discussion, was currently included in the City budget.

The Council agreed to remove the community survey from the 2011 budget and desired that it be sent prior to the next Comprehensive Plan update or before any City services are cut for budgetary reasons.

Adams discussed that City Clean Up Day experiences an approximate \$2,000 shortfall and stated the recycling credit of \$4,200 offsets the shortfall. He inquired if the Council wanted to designate the remaining \$2,200 to the organics program.

Discussion was held on Clean Up Day, the recycling program and the organics program.

The Council agreed that the City should make an effort to charge more for materials taken to the garbage pile at the event.

Adams indicated that Staff will discuss some options for enhancing the City's recycling program and promotions based on the current SCORE funds received from the County.

IV. Adjournment

*Weir moved, Smith seconded, to adjourn the meeting at 9:09 p.m. **Motion passed unanimously.***

T. M. Crosby, Jr., Mayor

Attest:

Chad M. Adams, City Administrator-Clerk