

**MOUND CITY COUNCIL MINUTES
OCTOBER 21, 2014**

The City Council of the City of Mound, Hennepin County, Minnesota, met in special session on Tuesday, October 21, 2014, at 6:30 p.m. in the council chambers of the Centennial Building.

Members present: Mayor Mark Hanus; Councilmembers Kelli Gillispie, Ray Salazar, Mark Wegscheid and Heidi Gesch

Others present: City Manager Kandis Hanson, Community Development Director Sarah Smith, Public Works Superintendent Ray Hanson, Public Works Director Carlton Moore, Finance Director/Clerk/Treasurer Catherine Pausche, Accountant Noah Iverson, Jameson Smieja, Kreg Schmidt, Dan Faulkner.

1. Open Meeting

Mayor Hanus called the meeting to order at 6:30 p.m. Kandis Hanson made some introductory comments.

2A. Cover Memo

2B. Engineering Services

Pausche gave a brief explanation of the contents of the package which was in response to a request made by some Council Members at the September 3, 2014 budget workshop. Kreg Schmidt distributed an additional exhibit labeled Street Reconstruction Project Cost Analysis showing the percent change between the feasibility study, bid and final actual cost.

Wegscheid stated his objected is to ensure a quality person is hired to replace Carlton Moore that the City Council can rely on to ensure the City's interests are protected. Schmidt said consulting engineers understand the City Council is the boss and that the desired service level is the key question. Schmidt stated service levels vary among projects and cities, but after some learning curve, he feels the consulting engineers learned to work with the residents and staff at the desired service level. Schmidt stated in 2009, essentially a "Cadillac" equivalent was requested, including more bodies in the field and more communication with the public. In 2012, cost savings became a concern and he would describe the service level as a "nice Chevy." Schmidt said the desired balance between cost and service must be determined, including associated risks.

Hanus stated it is better to have people on the ground during construction providing immediate recourse than to have residents come and complain to the Council after the fact.

Gillispie stated she would like to discuss the pros and cons of having a certified engineer on staff vs. an experience equivalent. Schmidt stated that question frequently comes up he feels a highly motivated and trained person could produce approximately \$125,000 of fee work if they spend ½ the time on managing the Capital Improvement Project and ½ the time on general engineering. Gillispie also mentioned the potential efficiency of doing development/plan reviews in house. Wegscheid stated having someone in-house also provides peace of mind, but it has to be the right person. Hanus stated he felt it is better to have experience than a degree, but of course it is best to have both. Hanus warned against overly restricting the requirements to the extent you can't hire.

Salazar asked if everyone was in agreement the Public Works position needs to be filled and Gillispie said that was never the question for her but rather the desire to look at the financial implications. Hanus suggested some topics are better handled one on one with the City Manager. Wegscheid stated his concern was finding a qualified candidate and he felt it is the Council's job to voice concerns. Salazar cautioned against micromanaging and suggested the Council let the City Manager do her job. Hanus stated there is a delicate line as more restrictive requirements mean less applicants. Hanson stated she is not afraid to reopen a position if a qualified candidate is not found, as she did with the Police Chief position. Schmidt mentioned the current job market is very tight for Civil Engineers and the cost is going up due to lack of supply. Schmidt said Cities pay much more than the private sector. Discussion ensued about the current job market and examples of other Cities' attempts to hire engineers. Smith expressed her concern that it is important to have someone in-house for walk-ins and site visits who has a knowledge of the City and its infrastructure but agreed it has to be the right person.

2C. Capital Improvement Plan/Utility Rate/Levy Scenarios

Hanus stated his desire to wean the City off of its dependence on Local Government Aid, even if it needed to happen over time, and suggested it be used on one-time purchases, like for capital expenditures. Pausche stated when the City began receiving LGA in 2014, the levy was reduced by \$150,000, and that the remainder approximates the amount spent on capital equipment in the General Fund. Pausche stated the City has not issued equipment certificates for non-major capital items since 2009.

Moore described the Met Council Environmental Services formula for wastewater treatment and some of the challenges associated with it. Schmidt stated the relationship with Met Council is much improved since discussions began after the spring rain events. Moore stated that it is a \$120 million problem and Met Council has to be more transparent in order to get money from the legislature. Gesch requested more education for the public about the investment in infrastructure to explain why the utility rates are what they are and putting it in perspective of what could go wrong if these items are not done. Moore stated after street projects are finished, approximately 10 lift stations, which are the smaller ones, and some water main will still need to be replaced. Hanson also mentioned the ongoing maintenance that will be needed for streets, buildings and water towers. Moore stated the streets should be seal coated every 5 to 7 years and they should last between 30 and 40 years. Pausche stated the increase in waste water treatment charges is also having a material impact on the rates and since the utility bonds are over 20 years, it will be awhile before they start falling off. Pausche stated the street portion of the bonds are financed over 15 years, so relief to the levy will come sooner. Pausche will talk with Ehlers, the City's financial advisors, about alternative financing options for the future, but stated the rates do need to be increased in the short-term as the funds have been committed.

Discussion ensued about the timing of projects as presented in the three scenarios in the packet and the corresponding impact on utility rates. Gesch stated that utility rates are a key concern for many residents, but that delaying the projects did not have a material enough impact on the rates to justify delaying. The favorable interest rate environment was also mentioned. Staff was told to use the assumptions of Scenario 1 when preparing the final budget and fee schedule.

2D. Fee Schedule

Pausche stated Dock fees were reviewed in and adjusted in 2014 and she requested the Cemetery fees be evaluated for 2015. Pausche stated there are only a few lots left in the surveyed section of the Cemetery and she suggested the non-resident rate should be increased to ensure lots are available for residents when needed. Pausche stated the remaining section will need to be surveyed before lots can be sold. Pausche recommended increasing the non-

resident rate from \$850 per plot to \$1,100 per plot. Gillispie and Gesch requested that language be added for “prior” residents who had to move for health reasons or snow birds that would allow them to get the resident rate.

Pausche stated that there was recent interest in the use of Lost Lake for a charter boats business and that the fees and code language would probably have to be expanded to protect the public enjoyment of public lands and manage demand by businesses. Hanus said he thought the intent was for the commercial dock to be tied to a business in the new development area and would not have a problem reflecting that in the code.

2E. Lease Agreements

Hanson stated the Spirit of the Lakes lease agreement was up in the air and did not need to be discussed at this meeting. Hanson stated that the Westonka Historical Society has proposed a change in the space it is leasing in the Centennial Building and has also requested either relief in the rent rate or a contribution by the City to the organization.

Discussion ensued and the Council agreed to the change in the leased space, but not the rate nor a contribution. Gesch stated that asking residents to absorb an 8% increase in their utility rates makes it difficult to consider a donation. Staff discussed the additional services that are provided such as snow plowing and shoveling on Saturdays and use of the Council Chambers and Conference Room. Hanus said the organization does serve a public purpose and he would consider making a donation. Gillispie, Salazar and Wegscheid said they would not support a contribution at this time.

Adjourn

MOTION by Gesch, seconded by Wegscheid, to adjourn at 9:10 p.m. All voted in favor. Motion carried.

Mayor Mark Hanus

Attest: Catherine Pausche, Clerk