

MOUND CITY COUNCIL MINUTES
August 20, 2013

The City Council of the City of Mound, Hennepin County, Minnesota, met in a special budget workshop meeting on Tuesday, August 20, 2013, at 6:30 p.m. in the council chambers of City Hall.

Members present: Mayor Mark Hanus; Council members Mark Wegscheid, Heidi Gesch, Kelli Gillispie and Ray Salazar
Members absent: None.

Others present: City Manager Kandis Hanson, Fin Dir/Clerk/Treasurer Catherine Pausche, Community Development Director Sarah Smith, Public Works Director Carlton Moore, Fire Chief Greg Pederson, Liquor Store Manager John Colotti, Public Works Superintendent Ray Hanson, Accountant Adam Flaherty, and Theresa Malloy.

Mayor Hanus called the meeting to order at 6:34 p.m.

2014 Proposed Preliminary Budget

I. Overview

Mayor Hanus stated the objective was to look at different scenarios, have discussion, and give Staff direction on what to reflect in the proposed preliminary budget presented for approval.

City Manager Kandis Hanson stated levy limits and local government aid have not been around in a while but are back. Hanson stated workshops are meant to be more detailed for the council to get comfortable with the terminology and details.

II. General Fund Budget and Levy

Catherine Pausche, Finance Director/Clerk/Treasurer, stated three scenarios for the levy have been presented in the packet: A \$100,000 reduction, a \$150,000 reduction, and a \$200,000 reduction. The scenarios all reflect the electric and franchise fees at the current rates, which are \$2.75 per meter per month. Pausche walked the group through the differences in each of the scenarios, including differences in general and total levy, change in fund balance, and tax rates.

Pausche stated \$291,000 in Local Government Aid was certified for 2013, the first time since 2003 when it was taken away. This allows the Council to consider a decrease in the levy to provide property tax relief which was an expectation of the legislature when it granted LGA.

Discussion ensued. The Mayor highlighted that a two-year budget has been presented so that the Council can consider the impact of the 2014 levy on the following year.

The Mayor surveyed the council members and all indicated they were comfortable with Scenario 2, which is a \$150,000 reduction in the General Fund Levy, (or 4.23%), and an overall levy decrease of 1.18%, a change in fund balance of \$93,705, a 20% unassigned fund balance as a percentage of expenditures, and \$250,000 available for inter-fund loans at year-end.

III. Fire Budget

Fire Chief Greg Pederson reviewed the highlights of the expenditure budget approved by the Fire Commission on July 24th. Chief Pederson also updated the Council on recent initiatives, including replacing mobile data computers with more affordable iPads, new radios, the on-call duty officer program, and options to address the shortage of volunteer fire fighters. Chief Pederson also outlined capital improvement needs, including a new ladder truck.

IV. Liquor Budget

Liquor Store Manager John Colotti discussed current marketing efforts and the impact the weather can have on sales. Colotti is requesting to replace security cameras that will still use the same recorder. Pausche highlighted the liquor store has been transferring \$50,000 a year since 2012 to the General Fund and that is expected to continue into the near future.

V. Dock Budget

Catherine Pausche, Finance Director/Clerk/Treasurer, reviewed the proposed changes to the fees that were recommended by the Docks and Commons Commission (DCC), which essentially increases the fees \$50 across the board with the exception of a \$75 increase for an additional boat. Pausche stated there was a need to increase fees to help fund capital improvements. Pausche stated a reduction in payroll allocations will also free up funds for capital improvements. Pausche stated a plan to inventory and prioritize rip-rap improvements will take place in September and October and recommendations will be made to the DCC and City Council at that time.

Discussion ensued and the majority of Council Members stated they were comfortable with a \$50 across the board increase, including for the additional boat(s). Hanson stated it will be brought back on the regular agenda as part of the fee schedule so there will be an opportunity for additional discussion if necessary.

VI. Capital Improvement Plan and Utility Billing Rates

Catherine Pausche, Finance Director/Clerk/Treasurer, reviewed two utility rate scenarios: One where infrastructure improvements were delayed and one if the improvements continued according to the Capital Improvement Plan. Pausche stated that Staff felt there was not a significant enough difference to delay the progress that has been made and that the remaining streets and utility infrastructures are extremely deteriorated. Public Works Director Moore stated 15 of the 30 lift stations have been replaced and the ones remaining may not be as large of an expense due to size/capacity needed. Mound has significantly more lift stations than other cities due to the topography which makes it a challenge.

The Mayor asked about the duration of the bonds and the estimated useful life. Pausche stated the utility revenue bonds are 20 years. Moore stated that with proper maintenance, including seal coating every 5 – 7 years and a one-time mill and overlay, they should last 30+ years. Water main and lift stations should last 40 – 50 years if proper preventative maintenance is also performed. We are in the fourth year of seal coating our new streets.

Moore stated the Sewer Vacuum Truck will need replacement soon and that it had been factored in the projections for 2015. Pausche noted the large swings in Met Council Environmental Services fees for waste water treatment. Discussion on Inflows and Infiltration (I&I) ensued.

Salazar asked when the infrastructure was put in. Ray Hanson, Public Works Superintendent, said it ranged from the 1940's – 1960's when properties were required to use city water and sewer. The Mayor asked for further discussion or objections and none were offered. Therefore, capital improvements will continue as planned.

VII. Discussion: Credit Cards for Utility Billing and Permits

Pausche stated credit cards were accepted years ago in City Hall but the Council put an end to it due to costs. Pausche stated Utility Bill customers are encouraged to use auto-pay, but people still request to pay for permits using a credit card even if a fee will apply.

Pausche stated the current vendor for the liquor store is one of the few direct processors and has provided a quote for processing credit cards at City Hall. Pausche still needs to investigate passing on the fees, but just wanted to know if the Council is open to accepting credit cards.

Mayor Hanus stated he is all for making things more convenient but that the users should have to pay the fee. The rest of the Council agreed. Gillispie stated the City should not have to pay for the terminal based on her experience. Pausche stated Staff will bring a proposal forward in the near future.

Mayor Hanus confirmed that Staff had what they needed to prepare the preliminary budget. Pausche indicated yes.

MOTION by Salazar, seconded by Gesch, to adjourn at 10:21p.m. All voted in favor. Motion carried.



Attest: Catherine Pausche, Clerk



Mayor Mark Hanus